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McCarter, Thomas Nesbitt

The public service rate
problem

[United States]

[1911?]

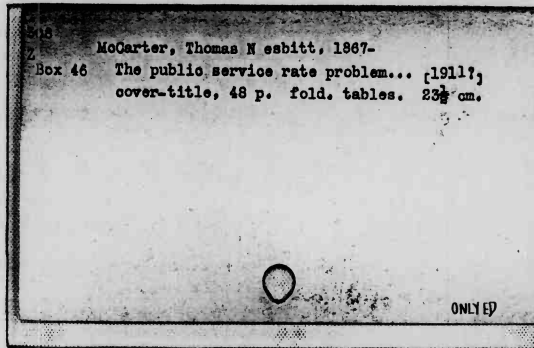
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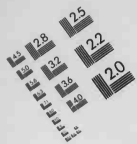
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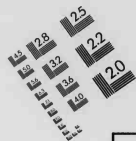
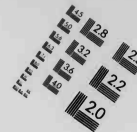
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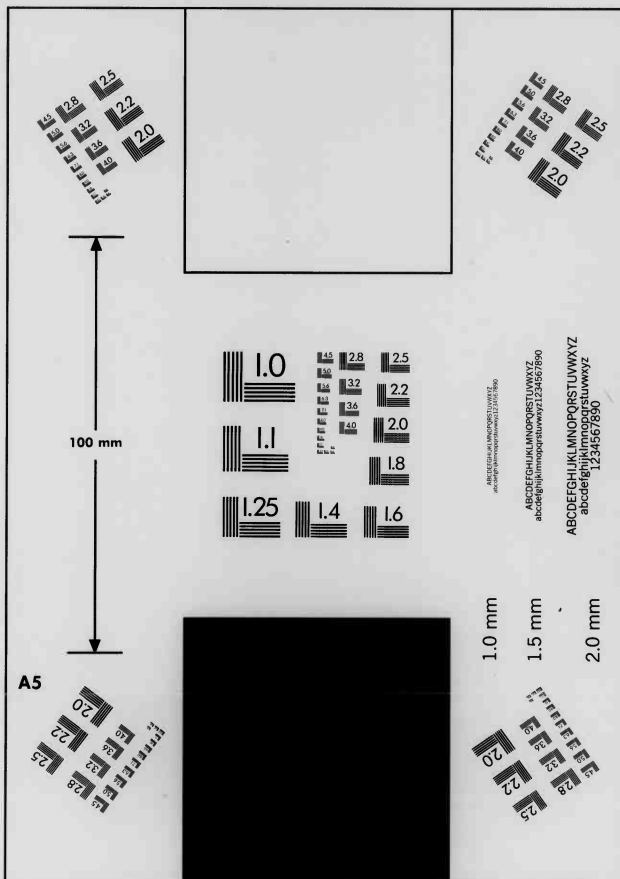
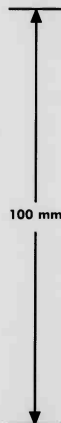
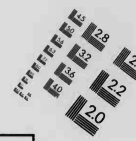
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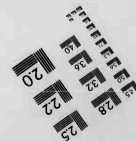
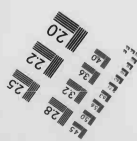
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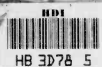
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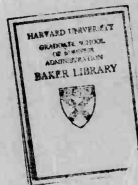




McCarter

The public
service rate
problem

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THE
Public Service Rate Problem

BY

Thomas N. McCarter
President of Public Service Corporation of New Jersey

VE
MILK

Jan. 13, 1922

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S PAMPHLET IS FORWARDED TO YOU
THE WRITER WITH THE HOPE THAT
WILL FIND TIME TO READ IT.

BOARD OF PUBLIC UTILITY COMMISSIONERS,
STATE OF NEW JERSEY.

Your Honorable Board, having commenced on its own initiative an inquiry into the rates charged by Public Service, has requested me to present, in some measure, a historical sketch of, and a statement of facts pertaining to the gas and electric business now carried on by Public Service throughout such a large portion of the State, as well as to state my views upon all the fundamental questions involved with reference to the subject before the Board. With this request I gladly comply, and my effort will be to meet the vexed question with complete frankness, and to lay before the Board a plan of adjustment which I am confident will commend itself to all fair-minded men, as being just and reasonable from the standpoints of the consumer and the company, of the State and its creatures.

Public Service Corporation of New Jersey, commonly called "Public Service" was incorporated in the Spring of 1903, and began business as of June 1st, 1903. It is therefore, a little over eight years old. The public mind, occupied with other matters of more recent date, is quite forgetful of the causes of its formation. Without going into too much detail, a brief word in reference thereto may not be amiss.

While, of course in a small way, the electric industry was pushing its way forward in the decade between 1880 and 1890, the great development of that industry for purposes of light, power and traction took place in the decade from 1890 to 1900.

The latter half of that decade was a period of unexampled prosperity the country over, in all kinds of business, and the people, flushed with commercial and economic success, and inspired by the wonders of the new inventions, entered upon an era of development and of exploitation which, however much it may have been accompanied by evils, has on the whole added greatly to the comfort of living and the convenience of the public. Even the gas business, with its half century of previous life, but therefore a sleepy kind of business, caught the infection. New uses for gas never before considered quickly made their appearance. The Welsbach burner, extending the efficiency of gas as an illuminant and cheapening its use, helped it to compete with electric light. New and vigorous methods were adopted by all the companies, enormous sums were spent in extending and developing the plants, the public pulse quickly responded, and the output multiplied by leaps and bounds.

This was the picture as it looked at the close of the decade ending with 1900. But another century was dawning, and in the early years of its first decade it soon became apparent that all that glittered was not gold; that the laying down of steel rails under legislative authority upon public highways was not of necessity immediately followed by fabulous wealth to the owners of those rails; in short, that the inexorable laws of trade applied to the new business in very much the same way as they did to any other commercial pursuit.

About 1903 the larger of the street railway systems of the State had become financially embarrassed, and some plan of reorganization was absolutely imperative. The electric properties of the State were in a fair financial condition. Some were sound and some were not. The gas properties were sound but had very largely exhausted their capacity for new capital. As the enormous expenditures for the development of the business, to which I have before referred, had practically exhausted their bond issues, a very serious question was presented as to their future financing. At this juncture Public Service was formed with \$10,000,000 of full paid cash capital, without a drop of water in it, to take over and acquire these various properties, by lease or otherwise, to resuscitate the dilapidated railroads, to build up the

electric properties, and to provide the necessary additional capital for the gas companies. To-day the cash capital of Public Service is \$25,000,000, and it has sold \$30,000,000 of its bonds, making a total financial investment of \$55,000,000, and from the date of its inception to date there has not been a drop of water in the entire enterprise.

During the intervening years some additional properties, other than those at first acquired, have been taken over and the scheme of organization has been perfected, so that now the entire railway system is either merged into or leased to Public Service Railway Company, a corporation having \$38,000,000 of capital stock, being a somewhat less amount than the total amount of the capital stock of the companies merged into it. Upwards of 99% of the capital stock of Public Service Railway Company is owned by Public Service. Public Service Gas Company, by lease or assignment thereof, controls all the gas properties in any way connected with Public Service. Its capital stock, as of the 31st day of December 1911 will approximate \$7,950,000 at par, all issued at par for cash, and all of which, except directors shares, is owned by Public Service. In like manner the Public Service Electric Company controls, through lease or assignment thereof, all the electric properties in any way connected with the Corporation, and as of December 31st, 1911 will have an approximate capital stock of \$10,250,000, all issued at par for cash, and all of which, except directors shares, is owned by Public Service. Thus it appears that the corporation proper is not an operating company, but only a holding company owning practically all the stocks of the operating companies and sundry securities of subsidiary companies.

As will be seen from the foregoing, the financing of the corporation during the eight years that have passed has required enormous sums of money, and much larger than was anticipated at the time the Corporation was formed. It has been a very serious problem. During all the period that this money was needed in such large sums the country has been undergoing an economic metamorphosis, which has had its effect upon bankers, and made the obtaining of funds for the development of public utilities very difficult. We have had the good fortune in the last

few years, to establish cordial relations with certain large and substantial banking houses, who have invested heavily in Public Service Securities; but this was not brought about until the Company had been subjected to two most thoroughgoing and searching investigations, one made by Mr. E. C. Foster, then of New Orleans, and now of New York, and the other by Messrs Stone & Webster, of Boston, the well known authority on Public Utility properties. Both of these reports unite in commending the property, its method of management, its physical condition as rehabilitated, its rates and its purposes.

For the information of the Board I may further state that the business of each of the three underlying companies is operated in six divisions, known as the Bergen, Passaic, Hudson, Essex, Central and Southern Divisions, the first four divisions comprising substantially the business of the respective companies operated as near as may be in the counties whose names the divisions bear. The Central Division consists of the business of the respective companies in Union, Somerset, Middlesex and Monmouth Counties, and the Southern Division comprises the business of the respective companies in the southern section of the State, including Trenton and Camden. The Corporation has no connection with the gas business in Elizabeth, Rahway and Perth Amboy, nor the street railway business in the City of Trenton. Nor has it any connection with either the lighting or railway business along the shore, except the electric business at Red Bank and immediate vicinity.

The policy of Public Service has been to lower its rates in all branches of its business as rapidly as was possible, and in addition thereto so far as its gas and electric business is concerned, to establish an absolute uniformity of rate for its commercial business, and this is now so as to both branches of its business throughout the broad territory served, except that in two of the divisions the gas rate is \$1.00 flat, whereas in the other four the rate is \$1.10 with 10 cents a thousand discount for payment within a certain number of days. This discount is practically universally availed of by the public, so that the net rate in all divisions is the same. This difference in divisions has been kept alive because of the precedent existing

in the matter in the different localities. In my judgment there is no further reason for its continuance, and whatever else is done in the rate matter, this should be adjusted and a flat rate put into effect in all divisions. Aside from this, absolute uniformity exists. After years of consideration of the matter I am satisfied that this plan of uniformity is of great advantage to the people of the State. Technically it may be open to some objection, but it has been of great assistance in the development of the smaller suburban places whose prosperity is so inter-woven with that of the larger cities. If each municipality were to be regarded as a separate unit, and the price at which gas should be sold fixed at what a plant erected in that municipality could afford to sell gas for, the result would be prohibitive—\$2.00 per thousand cubic feet, and in some cases \$4.00 per thousand cubic feet would be justified, and the result would be that such municipalities would go without gas. The rates put into effect have only been possible by the centralizing of stations, and long distance distribution of gas and transmission of electricity. It still remains true that even upon this basis there is a technical difference in the price at which gas and electricity, along theoretical lines, should be sold in different municipalities. It is undoubtedly some little cheaper to manufacture gas in Newark and distribute the same within the confined area of that city than it is to pipe the same gas, thus manufactured in Newark, to Morristown, and distribute it there, but to attempt to work out cost prices on either of the foregoing bases would require a refinement of calculation that would stagger industry.

Furthermore, the problem of Public Service is unique. Most other companies of a similar character furnish one particular municipality, and perhaps its immediate environs, with one or more utility. We furnish 193 municipalities—large and small—with one or more classes of public utility service and most of them with all three. We live in a small state. The people of New Jersey, or at least of that portion of New Jersey served by Public Service, are a homogeneous people. Their interests are largely either manufacturing or suburban. The configuration of the State and its proximity to the two great cities of New York and Philadelphia has produced these conditions. Public Service

is doing its share in upbuilding the State, and nothing can be more helpful to the development of the smaller municipalities and to the land values of the State generally than the knowledge that people have that they may make their homes in a state where good water abounds and cheap gas, electricity and transportation are the order of the day. This policy has now been the settled practice for so long that to attempt a radical departure from it would cause great confusion and dissatisfaction. Suppose after months, if not years, of laborious effort the Board determined to fix the price of gas in Newark at 90 cents, in Ridgewood in Bergen County at \$1.25 and in Haddon Heights, in Camden County, at \$1.50, when all have been enjoying a \$1.00 rate. What would be the result? I am satisfied that a study of this subject by the Board will convince it that the policy of Public Service in this respect has been wise and should be continued, even though in its technical and theoretical aspects it may in some instances militate against the people of the larger cities to the benefit of the people in the large number of smaller municipalities.

I now come to the discussion of the rate question of the future, and I approach it with entire candor. We are, of course dealing with rates for the coming years, and it will be my endeavor, as an aid to the determination of this question, to lay before you estimates of the business of the gas and electric companies for the next few years, founded, as to gross increases and operating expenses, on the experience of the past, which, under normal conditions might be relied upon as a guide for the future.

The capital invested in the business carried on by Public Service Gas Company as of December 31, 1911, will be approximately \$74,000,000. The capital invested in the business carried on by Public Service Electric Company, as of December 31, 1911, will be approximately \$67,250,000. These figures are arrived at respectively by taking the amount of underlying securities upon which each Company pays a fixed charge, and adding thereto the amount of cash capital of the Public Service Gas Company or Electric Company, as the case may be, as it will exist at the end of this fiscal year. Where there has been a combination or merger of gas or electric properties into one corporation, the proportion

of capitalization is generally arrived at by dividing the same in proportion to the gross receipts of that underlying company received from the gas and electric business respectively. This does not vary substantially from 2/3 gas and 1/3 electricity. As the capital of the Gas Company as of December 31st next will be \$7,950,000 and of the Electric Company \$10,250,000, the underlying capitalization of the Gas Company is approximately \$66,000,000 and of the Electric Company \$57,000,000. The fixed charges of the Gas Company amount to \$3,929,718, thus demonstrating that this underlying capitalization has been obtained at an annual cost of less than 6%. The fixed charges of the Electric Company are \$2,696,146. In this case the underlying capital has been obtained at 4.73%—a most fortunate and reasonable circumstance in each case.

I sub-join herewith a table showing actual capitalization of both companies in detail up to September 12, 1911.

CAPITALIZATION OF GAS PROPERTIES CONTROLLED BY PUBLIC SERVICE GAS COMPANY

All Divisions Public Service Gas Company
Capital Stock Outstanding..... \$6,700,000 00

PASSAIC DIVISION

Paterson & Passaic Gas & Electric Company Capital Stock.....		\$5,000,000 00	Apportioned to Gas Company
Paterson & Passaic Gas & Electric Company 5% Consolidated Mortgage Bonds.....	\$4,034,000 00		
and the following bonds of underlying companies merged to form Paterson & Passaic Gas & Electric Company, and to retire which consolidated mortgage bonds are reserved—			
Edison Electric Illuminating Company of Paterson 5% 1st Mortgage Bonds.....	600,000 00		
Passaic Gas Light Company 6% 1st Mortgage Bonds.....	50,000 00		
Passaic Lighting Company 5% Consolidated Mortgage Bonds.....	316,000 00	5,000,000 00	
		10,000,000 00	6,308,000 00

Total Passaic Division (excluding proportion of Public Service Gas Company Capitalization)..... \$6,308,000 00

CENTRAL DIVISION

Somerset, Union & Middlesex Lighting Company Capital Stock.....		\$1,050,000 00
Somerset, Union & Middlesex Lighting Company 4% 1st Mortgage Bonds and the following bonds of underlying companies merged to form Somerset, Union & Middlesex Lighting Company	\$1,974,196 87	
Plainfield Gas & Electric Light Company 5% General Mortgage Bonds..	460,000 00	
Citizens Electric Company 5% 1st Mortgage Bonds.....	40,000 00	
Somerset Lighting Company 5% 1st Mortgage Bonds.....	150,000 00	
Central Electric Company 5% Consolidated Mortgage Bonds.....	700,000 00	
Edison Electric Illuminating Company of New Brunswick 6% 1st Mortgage Bonds.....	50,000 00	3,374,196 87
		4,424,196 87
		1,298,944 20

CAPITALIZATION OF GAS PROPERTIES CONTROLLED BY PUBLIC SERVICE GAS COMPANY—(Continued)

The Gas Light Company of the City of New Brunswick Capital Stock....	400,000 00	
New Brunswick Light, Heat & Power Company 4% 1st Mortgage Bonds	500,000 00	
	900,000 00	900,000 00

Shore Lighting Company Capital Stock.....	112,000 00	
Shore Lighting Company 5% 1st Mortgage Bonds.....	400,000 00	
	512,000 00	64,000 00

Total Central Division (excluding proportion of Public Service Gas Company Capitalization)..... \$2,262,944 20

BERGEN DIVISION

The Gas & Electric Company of Bergen County Capital Stock.....		\$2,000,000 00
The Gas & Electric Company of Bergen County 5% General Mortgage No. 2 Bonds.....	\$2,063,000 00	
The Gas & Electric Company of Bergen County 5% General Mortgage No. 1 Bonds.....	46,000 00	
The Gas & Electric Company of Bergen County 5% Consolidated Mortgage Bonds.....	1,436,000 00	
and the following bonds of underlying companies merged in the Gas & Electric Company of Bergen County and to retire which General Mortgage Bonds are reserved—		
Hackensack Gas Light Company 5% 1st Mortgage Bonds.....	28,000 00	
Hackensack Gas & Electric Company 5% 1st Mortgage Bonds.....	10,000 00	
Hackensack Gas & Electric Company 6% Debenture Bonds.....	3,000 00	
Englewood Gas & Electric Company 5% 1st Mortgage Bonds.....	23,000 00	3,609,000 00
		5,609,000 00
		2,700,172 60

Ridgewood Gas Company Capital Stock.....		100,000 00
Ridgewood Gas Company 5% 1st Mortgage Bonds.....	100,000 00	
Ridgewood Gas Company 5% 2nd Mortgage Bonds.....	85,000 00	185,000 00
		285,000 00
		285,000 00

Total Bergen Division (excluding proportion of Public Service Gas Company Capitalization)..... \$2,985,172 60

CAPITALIZATION OF GAS PROPERTIES CONTROLLED BY
PUBLIC SERVICE GAS COMPANY—(Continued)

			Apportioned to Gas Co.
SOUTHERN DIVISION			
South Jersey Gas, Electric & Traction Company Capital Stock.....		\$6,000,000 00	
South Jersey Gas, Electric & Traction Company 5% 1st Mortgage Bonds and the following bonds of underlying companies merged in South Jersey Gas, Electric & Traction Company, and to retire which 1st Mortgage Bonds of that company are reserved—	\$12,378,000 00		
Burlington Gas Light Company 5% 1st Mortgage Bonds.....	2,000,000 00	14,478,000 00	
Burlington Gas Light Company 5% 1st Mortgage Bonds.....	100,000 00		
Princeton Light, Heat & Power Company Capital Stock.....		20,478,000 00	10,552,441 27
Princeton Light, Heat & Power Company 5% Sinking Fund Bonds.....		122,500 00	
		174,300 00	
		296,800 00	148,400 00
Total Southern Division (excluding proportion of Public Service Gas Com- pany Capitalization).....			\$10,700,841 27
HUDSON DIVISION			
Hudson County Gas Company Capital Stock.....		\$10,500,000 00	
Hudson County Gas Company 1st Mortgage 5% Bonds.....		10,500,000 00	21,000,000 00
Total Hudson Division (excluding proportion of Public Service Gas Com- pany Capitalization).....			\$21,000,000 00
ESSEX DIVISION			
Essex & Hudson Gas Company Capital Stock.....		\$6,500,000 00	
Newark Consolidated Gas Company Capital Stock.....		6,000,000 00	
Newark Consolidated Gas Company 5% Consolidated Mortgage Bonds..	6,000,000 00		
Newark Gas Company 6% 1st Mortgage Bonds.....	3,999,700 00	9,999,700 00	22,499,700 00
Morristown Gas Light Company Capital Stock.....		367,500 00	367,500 00
Total Essex Division (excluding proportion of Public Service Gas Company Capitalization).....			\$22,867,200 00
			\$22,867,200 00

CAPITALIZATION OF GAS PROPERTIES CONTROLLED BY
PUBLIC SERVICE GAS COMPANY—(Continued)

SUMMARY

Passaic Division.....	\$6,308,000 00
Central Division.....	2,262,944 20
Bergen Division.....	2,985,172 60
Southern Division.....	10,700,841 27
Hudson Division.....	21,000,000 00
Essex Division.....	22,867,200 00
Underlying Capitalization.....	66,124,158 07
All Divisions Public Service Gas Company.....	6,700,000 00
Total.....	\$72,824,158 07
Amount due Public Service Corporation of N. J. for Improvements	686,662 72
	\$73,527,820 79

NOTE.—Where securities have been issued upon joint gas and electric properties the proportion of capital shown against the gas property is the same as the proportion of fixed charges on these properties paid by the lessee or the assignee of the lessee in accordance with the provisions of the respective leases or assignments thereof,—in most cases the leases or assignments thereof provide for the division of fixed charges of these combined gas and electric properties according to the ratio of the gas or electric earnings to the total earnings. The exceptions to this rule are the leases or assignments of leases of the Shore Lighting Company, South Jersey Gas, Electric & Traction Company and the Princeton Light, Heat & Power Company.

In the case of the Shore Lighting Company the leases provide that the gas property shall bear 12½% of the fixed charges and the electric property 87½%, and the capitalization has been divided in this ratio.

In the case of the Princeton Light, Heat & Power Company the leases provide that the gas property shall bear 50% of the fixed charges and the electric property 50%, and the capitalization has been divided in the same ratio.

In the case of the South Jersey Gas, Electric & Traction Company the assignments of the leases provide the railway company shall pay an amount equivalent to the rental on \$800,000 of stock of South Jersey Gas, Electric & Traction Company, also interest on \$800,000 bonds and on any additional bonds, the proceeds of which have been, or shall be, used upon the railway property,—the balance of the fixed charges are to be divided between the gas and electric properties in the ratio of gross earnings. The capitalization is apportioned to the three in the same ratio as fixed charges.

CAPITALIZATION OF ELECTRIC COMPANIES CONTROLLED BY PUBLIC SERVICE ELECTRIC COMPANY

All Divisions Public Service Electric Company			
Capital Stock Outstanding.....			\$7,750,000 00
PASSAIC DIVISION			Apportioned to Electric Co.
Paterson & Passaic Gas & Electric Company Capital Stock.....		\$5,000,000 00	
Paterson & Passaic Gas & Electric Company 5% Consolidated Mortgage Bonds.....	\$4,034,000 00		
and the following bonds of underlying companies merged to form Paterson & Passaic Gas & Electric Company, and to retire which Consolidated Mortgage Bonds are reserved—			
Edison Electric Illuminating Company of Paterson 5% 1st Mortgage Bonds.....	600,000 00		
Passaic Gas Light Company 6% 1st Mortgage Bonds.....	50,000 00		
Passaic Lighting Company 5% Consolidated Mortgage Bonds.....	316,000 00	5,000,000 00	
			10,000,000 00 3,692,000 00
Nichols Electric Light & Power Company of Nutley, New Jersey, Capital Stock.....		25,000 00	25,000 00
Total Passaic Division (excluding proportion of Public Service Electric Company Capitalization).....			\$3,717,000 00
BERGEN DIVISION			
The Gas & Electric Company of Bergen County Capital Stock.....		\$2,000,000 00	
The Gas & Electric Company of Bergen County 5% General Mortgage No. 2 Bonds.....	\$2,063,000 00		
The Gas & Electric Company of Bergen County 5% General Mortgage No. 1 Bonds.....	46,000 00		
The Gas & Electric Company of Bergen County 5% Consolidated Mortgage Bonds.....	1,436,000 00		

CAPITALIZATION OF ELECTRIC COMPANIES CONTROLLED BY PUBLIC SERVICE ELECTRIC COMPANY—(Continued)

and the following bonds of underlying companies merged in the Gas & Electric Company of Bergen County, and to retire which General Mortgage Bonds are reserved—			
Hackensack Gas Light Company 5% 1st Mortgage Bonds.....	28,000 00		
Hackensack Gas & Electric Company 5% 1st Mortgage Bonds.....	10,000 00		
Hackensack Gas & Electric Company 6% Debenture Bonds.....	3,000 00		
Englewood Gas & Electric Company 5% 1st Mortgage Bonds.....	23,000 00	3,609,000 00	
Total Bergen Division (excluding proportion of Public Service Electric Company Capitalization).....		5,609,000 00	2,908,827 40
SOUTHERN DIVISION			\$2,908,827 40
South Jersey Gas, Electric & Traction Company Capital Stock.....		\$6,000,000 00	
South Jersey Gas, Electric & Traction Company 5% 1st Mortgage Bonds and the following bonds of underlying companies merged in South Jersey Gas, Electric & Traction Company, and to retire which 1st Mortgage Bonds of that company are reserved—	\$12,378,000 00		
Trenton Gas & Electric Company 5% 1st Mortgage Bonds.....	2,000,000 00	14,478,000 00	
Burlington Gas Light Company 5% 1st Mortgage Bonds.....	100,000 00	20,478,000 00	
Princeton Light, Heat & Power Company Capital Stock.....		122,500 00	6,806,402 73
Princeton Light, Heat & Power Company 5% Sinking Fund Bonds.....		174,300 00	
Burlington Electric Light & Power Company Capital Stock.....		296,800 00	148,400 00
Total Southern Division (excluding proportion of Public Service Electric Company Capitalization).....		17,550 00	17,550 00
ESSEX, HUDSON AND CENTRAL DIVISION			\$6,972,352 73
United Electric Company of New Jersey Capital Stock.....			Apportioned to Electric Co.
United Electric Company of New Jersey 4% 1st Mortgage Bonds.....	\$18,617,500 00	\$20,000,000 00	
and the following bonds of companies merged in United Electric Company of New Jersey—			

CAPITALIZATION OF ELECTRIC COMPANIES CONTROLLED BY
PUBLIC SERVICE ELECTRIC COMPANY—(Continued)

Consumers Light, Heat & Power Company 5% 1st Mortgage Bonds.....	308,000 00		
North Hudson Light, Heat & Power Company 5% 1st Mortgage Bonds..	367,000 00	19,292,500 00	\$39,292,500 00
Middlesex Electric Light & Power Company Capital Stock.....		175,000 00	
Middlesex Electric Light & Power Company 3% 1st Mortgage Bonds...		181,000 00	356,000 00
Weehawken Contracting Company Capital Stock.....		111,050 00	
Weehawken Contracting Company 6% 1st Mortgage Bonds.....		30,000 00	141,050 00
Citizens Electric Light, Heat & Power Company Capital Stock.....		41,400 00	41,400 00
Somerset, Union & Middlesex Lighting Company Capital Stock.....		1,050,000 00	
Somerset, Union & Middlesex Lighting Company 4% 1st Mortgage Bonds and the following bonds of underlying companies merged in Somerset, Union & Middlesex Lighting Company—	1,974,196 87		
Plainfield Gas & Electric Light Company 5% General Mortgage Bonds	460,000 00		
Citizens Electric Company 5% 1st Mortgage Bonds.....	40,000 00		
Somerset Lighting Company 5% 1st Mortgage Bonds.....	150,000 00		
Central Electric Company 5% Consolidated Mortgage Bonds.....	700,000 00		
Edison Electric Illuminating Company of New Brunswick 6% 1st Mortgage Bonds	50,000 00	3,374,196 87	
		4,424,196 87	3,125,252 67
Shore Lighting Company Capital Stock.....		112,600 00	
Shore Lighting Company 5% 1st Mortgage Bonds.....		400,000 00	
		512,000 00	448,000 00
Total Essex, Hudson & Central Division (excluding proportion of Public Service Electric Company Capitalization).....			\$43,404,202 67

CAPITALIZATION OF ELECTRIC COMPANIES CONTROLLED BY
PUBLIC SERVICE ELECTRIC COMPANY—(Continued)

SUMMARY

Passaic Division.....	\$3,717,000 00
Bergen Division.....	2,908,827 40
Southern Division.....	6,972,352 73
Essex, Hudson and Central Divisions.....	43,404,202 67
Underlying Capitalization.....	\$57,002,382 80
All Divisions Public Service Electric Co.....	7,750,000 00
Total	\$64,752,382 80
Amount due Public Service Corporation of N. J. for Improvements.	1,505,162 72
	\$66,257,545 52

NOTE.—Where securities have been issued upon joint gas and electric properties the proportion of capital shown against the gas property is the same as the proportion of fixed charges on these properties paid by the lessee or the assignee of the lessee in accordance with the provisions of the respective leases or assignments thereof—in most cases the leases or assignments thereof provide for the division of fixed charges of these combined gas and electric properties according to the ratio of the gas or electric earnings to the total earnings. The exceptions to this rule are the leases or assignments of leases of the Shore Lighting Company, South Jersey Gas, Electric & Traction Company and the Princeton Light, Heat & Power Company.

In the case of the Shore Lighting Company the leases provide that the gas property shall bear 12½% of the fixed charges and the electric property 87½%, and the capitalization has been divided in this ratio.

In the case of the Princeton Light, Heat & Power Company the leases provide that the gas property shall bear 50% of the fixed charges and the electric property 50%, and the capitalization has been divided in this same ratio.

In the case of the South Jersey Gas, Electric & Traction Company the assignments of the leases provide the railway company shall pay an amount equivalent to the rental on \$800,000 of stock of South Jersey Gas, Electric & Traction Company, also interest on \$800,000 bonds and on additional bonds the proceeds of which have been, or shall be, used upon the railway property—the balance of the fixed charges are to be divided between the gas and electric properties in the ratio of gross earnings. The capitalization is apportioned to the three in the same ratio as fixed charges.

This being the actual capitalization, the next question which presents itself is whether it is the capitalization that the Board must recognize in this proceeding. I insist that it is. All these underlying companies, both gas and electric, upon which obligations of rental or otherwise have been assumed by the gas or electric company, as the case may be, were, with only one substantial exception, results of mergers or consolidations expressly authorized by and made in compliance with the so-called merger or consolidation Act of New Jersey. Thus, by way of illustration, various gas and electric companies in and around Paterson were merged into the Paterson and Passaic Gas and Electric Company. Similar companies in the southern part of the State were merged into South Jersey Gas, Electric and Traction Company. Various gas companies in Hudson County were merged into the Hudson County Gas Company, and in Essex County into the Newark Consolidated Gas Company. The exception to which I have above referred is in the Essex Division, where the Newark Consolidated Gas Company was leased to the Essex & Hudson Gas Company, which, in turn, passed to the Public Service Gas Company; so that in this case there was an intermediate step, which does not exist in the other companies. The stocks of the old constituent companies were thus by direct authority converted into stocks and bonds of the new consolidated company, the practice generally followed being to provide sufficient bonds in the new consolidated company to take up the underlying bonds at maturity or before of the constituent companies, as well as to provide a quota of bonds for the future financial needs of the consolidated company. Thus, in effect and in law, the contracting companies to the various consolidation agreements made from twelve to twenty years ago, fixed the value of their respective properties in the new capitalization of the consolidated companies, and provided as well a certain number of bonds to be sold for future improvements. In nearly all these cases the bonds retained for future improvements have long since been sold for value and the money used in betterments. In addition thereto, there has been spent upon these properties the respective investment of the gas and electric companies. These values, thus long ago fixed, are in point of law at this late day

immune from attack by the rate-making power or otherwise, and said values thus fixed, must now be taken to have been the value of the properties, physical and franchise, tangible and intangible, entering into the respective agreements of merger and consolidation, and that the State is now estopped from attacking this capitalization. This legal proposition is based on the decision of the Supreme Court of the United States in New York Consolidated Gas case. In that case there was a merger of constituent companies in 1884. In the proceedings attendant upon the merger, the respective companies valued their respective properties at certain sums for the purposes of consolidation, and in addition thereto they valued the franchises of the Consolidated Company at little less than \$8,000,000, issuing stock of the Consolidated Company to the extent of the physical valuations of the component parts, plus the franchise value of the combined property thus agreed upon.

The same practice precisely was carried on in New Jersey, except possibly that there was no severance of physical and franchise values, the books of each consolidated company as they were opened up showing the total value of the property, physical and franchise, of the new corporation to correspond to the securities issued thereby. Says Mr. Justice Peckham, speaking for the Supreme Court of the United States in this case:

"It cannot be disputed that franchises of this nature are property, and cannot be taken or used by others without compensation. The important question is always one of value***** We think that under the above facts, the Courts ought to accept the valuation of the franchises fixed and agreed upon under the Act of 1884 as conclusive at that time. The valuation was provided for in the Act, which was followed by the Companies, and the agreement regarding it has likewise been recognized as valid, and the stock has been largely dealt in for more than twenty years past on the basis of the validity of the valuation and of the stock issued by the company."

Precisely a similar state of affairs exists here. The stocks of these underlying companies have been issued from twelve to twenty years. They have become scattered far and wide and as in New York, have been traded in freely and widely on the faith of their legality. The State through its rate-making power, can

not be now heard to attack it. I regard this matter as settled for all time by the decision in the leading case from which I have just quoted.

If the conclusion that as a matter of law the validity of these securities *cannot* now be questioned is not controlling, then I insist with equal vigor, that they *should not* be questioned by the Board in the exercise of its discretion. I can conceive of no greater financial calamity that could happen to the people of this State than drastic action by this Board, resulting in the destruction of the temple of Public Service over our heads. In this case "we are confronted by a condition and not a theory", as Mr. Cleveland was wont to remark. Thirty-one years ago, when General Hancock was running for the Presidency, he incurred considerable ridicule by observing that the tariff was a local issue. The developments of subsequent years have made many thoughtful people believe that perhaps he was not so far mistaken. However that may be, the question we have under consideration is most certainly a local issue. With gas rates prevailing in Europe, under pauper labor conditions, with certain gas rates which are said to prevail in western towns, adjacent to and abundantly supplied with cheap coal—with electric rates prevailing in California, or places similarly situated, where electrical energy generated by water power at the foothills of the mountains is transmitted one hundred or more miles with reasonable freedom from static disturbances—with all this we have nothing to do. We know the labor conditions, the coal and oil conditions as they exist here, and we know the facts with regard to the securities of these companies in the hands of the public. The proposition of the radical is to ignore these existing securities, and the covenants and obligations in reference thereto, and to make a fresh reproduction valuation of the property actually engaged in the gas and electric business, as the case may be, and then to fix an annual return which will be permitted upon that value thus ascertained. He assumes, of course, that the value will be much less than the existing capitalization. I do not admit the fact to be true, except for purposes of discussion in this branch of my argument, for which purpose we will assume it to

be true. Let us see where we will come out. Suppose such a valuation of the gas company's property turned out to be \$50,000,000 instead of the capitalized \$74,000,000; and suppose the Board, again following the lead of the radical, said we will allow you to earn annually only 6% on this valuation thus found, or \$3,000,000 net per year. What would happen is easy to see. The fixed charges of the Gas Company, including 8% on the capital stock of Public Service Gas Company now amount to approximately \$4,650,000 a year. Thus there would be an annual shortage of \$1,650,000. Not only would the stockholders of Public Service Gas Company, whose investment is bona fide, not receive any return on their capital, but they would be \$1,000,000 short of meeting their annual obligations; and they *are* obligations which would have to be met, for no action by this Board could relieve us of the obligation to pay the rentals called for by the leases. Insolvency would result, the property would be broken and separated into its constituent parts, each without means of financing itself, and a condition of chaos would exist. The Public Service Gas investment would disappear, and the value of the underlying stocks would crumble to the point of disaster. No more far-reaching calamity can be prophesied. The securities to which I have referred are held broadcast over this State. They have passed from the hands of the promoter into the possession of the public. The blow would fall, in the first instance, upon those who have since put in large sums of money, and all—including radicals—agree that the investment of money in these enterprises should be encouraged, and those who make it should receive a fair return on their investment. Secondly, the blow would fall upon those who over a long period of years, have invested, in good faith, in these various underlying stocks; but the end would not be here. Many of our largest corporations, of a fiduciary or benevolent character have, in good faith, invested large sums in these securities, or made loans upon the same as collateral. I make bold to say that there is not a bank or trust company chartered by this State—except savings banks—that would not be seriously affected by any such unfortunate situation. In short, a state of financial panic would ensue. This is, in effect,

the same proposition proposed by Senator La Follette with reference to the steam railroads of the country, the effect of which has been aptly described by a former colleague of his in the United States Senate; as follows:

"Senator La Follette has stated that the railway securities which would be affected by his proposition amount to about \$13,000,000,000; that of this amount he expected to squeeze out about \$7,000,000,000. These \$13,000,000,000 of railway securities, as is known by every intelligent man, have been sold at home and abroad. There isn't a financial market on earth where they may not be found. They have been bought by investors of all classes and in every condition of life. They are the foundation of the happiness, comfort and prosperity of countless numbers of people. To destroy \$7,000,000,000 of these securities by legislative enactment would constitute the most gigantic robbery ever conceived by the mind of men. If it would stand the test of the Supreme Court, it would constitute confiscation by act of the government and enforce repudiation by the railways themselves. Its consummation would leave behind it a path of ruin, the width of which and the length of which no man can prophesy. It would bankrupt life insurance companies and savings banks. It would cripple banks of deposit and trust companies. It would destroy estates held in trust for widows and orphans. It would beggar rich and poor alike who have invested their money in these securities. It would paralyze business. It would destroy American credit in every financial center of the world. There is not a home in America so humble that this thing would not throw its baleful shadow across it hearth-stone."

I turn from this consummate characterization of this policy of repudiation to the other side of the picture, as painted with characteristic firmness and rugged determination by Mr. Cleveland when Governor of New York. I quote from "Parker's Recollections of Grover Cleveland" on page 62, where he is discussing Cleveland's veto of the 5 cent elevated fare bill for New York City:

"It was a question which had been agitated for many years, and out of it had grown a strong feeling of opposition to the corporations engaged in overhead transit; but the Governor recognized that while there were some abuses in the management of the roads, the action of the Legislature would produce great injustice and lead to practical confiscation. After giving long

and patient hearings to all parties, he made up his mind and interposed a strong and comprehensive veto message. His conclusions were summed up in the following paragraph:

"But we have especially in our keeping the honor and good faith of a great State, and we should see to it that no suspicion attaches through any act of ours to the fair fame of the Commonwealth. The state should not only be strictly just but scrupulously fair, and in all its relations to the citizen every legal and moral obligation should be recognized. This can only be done by legislating without vindictiveness or prejudice, and with a firm determination to deal justly and fairly with those from whom we expect obedience."

"That he had expected great and perhaps permanent unpopularity from this action was illustrated in an anecdote told by his friends to the effect that in the evening of the day that he had sent his message to the Assembly he said:

"Well, to-morrow I shall be the most unpopular man in the State of New York."

"This was, however, a serious mistake, and he soon had reason to discover that his regard for the public honor, his care in examining the matter in all its bearings, and then in giving his reasons in full, had made such an impression upon the public mind that instead of inviting attack, he had really inspired commendation and defense."

Just a year ago, during the Gubernatorial campaign, Mr. Record propounded a series of questions to Governor Wilson, then the Democratic candidate for Governor. Question 4 was as follows:

"That such physical valuation (referring to a physical valuation of Public Utility properties) should be used as a basis for fixing rates to be charged by these Corporations, and that such rates should be so limited as to allow them to earn not exceeding 6% upon this valuation. Do you favor this?"

To this question Governor Wilson replied as follows: "No. I think that such valuation should form a very important part of the basis upon which rates should be fixed, but not the whole basis. *All the financial, physical and economic circumstances of the business should be taken into consideration.* The percentage of profit should be determined by the Commission after full inquiry, and not by statute."

I now direct the attention of the Board to the impracticability of making a complete physical valuation of the gas and electric properties connected with Public Service within any reasonable time; to the uselessness of any such appraisal when completed, and therefore to the advisability of arriving at some equitable solution of this problem quickly. I am frank to confess that I do not know what the physical value of these various properties is. If my foregoing argument is sound, it does not make very much difference. This view I understood Mr. Record to give expression to the day of the former hearing in this matter in this city. With me it is a case of recognizing conditions as they are, with him it is a case of establishing conditions as he thinks they ought to be, let it lead where it will. I do know that the proper valuation of these properties would run into an enormous sum of money. I know that under the ruling of the Supreme Court in the New York Consolidated Gas case franchise values must be included, and I do not for one minute admit that there is any actual difference between the capitalized value and the real value of the property devoted to the public use, including therein all the items that must legally be included. On the contrary, I believe that the result of any such examination would of necessity sustain the valuation. The only precedent as yet laid down by this Board sustains this valuation. In the recent case of the Consolidated Gas Company of New Jersey the Commission found as a result of its examination that the reproduction value, exclusive of intangibles, of the property devoted to the gas business by that Company, was \$1,176,800, and to the electric business \$472,460, making a total of \$1,649,260. The Board further found the total bona fide investment of capital by that Company to be \$2,000,000. On the basis of apportionment adopted by the Board, this would mean \$1,400,000 of investment in the gas business, and \$600,000 in the electric business. The book value of the property of this Company was found to be \$2,400,000. This property on a small scale, is situated very much as is Public Service. It serves a variegated class of scattered municipalities, relatively large and small. Assuming the same basis of investment per thousand cubic feet of output found to be the fact in the Consolidated case to apply to Public Service, which should be the case, the gas capital investment would be \$68,000,000 or only \$6,000,000 less than the actual capitalization,

without the inclusion of either franchise values or intangibles. Applying a similar basis of reasoning to the electric business, based on kilowatts sold, the investment of Public Service Electric Company would be \$63,000,000 without franchise values or intangibles. In this case the Board directed the Company to fix its base gas rate at \$1.25 a thousand cubic feet, and its base electric rate at 15 cents a K. W. hour.

To arrive at any proper valuation of such variegated properties ramifying over the length and breadth of this State, as do our gas and electric properties, is not a matter of days or of months, but of years. I make bold to say it can not be completed inside of three years, and then only at enormous expense both by the companies and the State. These matters, unless adjusted on broad equitable lines, are necessarily of long duration. The New York gas investigation began in 1905. The decision of the Supreme Court finally determining the matter, was handed down on the fourth day of January, 1909. Thus the period of controversy was upwards of three years, and it is said to have cost approximately \$500,000.

The case before the Wisconsin Commission, fixing the rate for Madison, Wisconsin, a city of some 25,000 inhabitants, was commenced on the 12th day of July 1907 and decision announced by the Commission on the 8th day of March, 1910, thus covering a period of two years and eight months. The decision of this one case occupies 250 pages of Volume 4 of the Wisconsin Commission reports.

In the light of these facts the complications that would exist in valuing gas and electric properties located in some 193 municipalities, large and small, must be apparent. Assuming the value as ascertained is less than the capitalized value, the knowledge thus acquired would be purely academic unless made the basis of action that would lead to financial ruin.

Then there is another aspect of the matter which must not be lost sight of. Having arrived at such a fair valuation of the property, gas and electric, devoted to the public use, as would stand the test of review by the Courts, the next duty of the Board would be to determine the fair rate of return to be allowed thereon. My contention is, and I believe this Board will go along with me in the proposition, that not less than 8% on such

valuation is just and reasonable. That was the deliberate judgment of the Wisconsin Commission in the Madison case, and that, after years of reflection, is my judgment as to the minimum amount to be allowed on a well-established property, if it is to meet the requirements for betterments and extensions that will be put upon it by an increased public demand. If the rate of return is to be limited to a prevailing interest rate, sensible capital will not embark upon such enterprises, but will prefer a bond and mortgage, or a deposit in the savings bank.

If this hypothesis be sound, as I believe it is, then again assume, if you please, as we did in the earlier part of the discussion, the true value of the property devoted to the public use in the gas business to be \$50,000,000. The output for 1912 will be nearly 10,000,000,000 of cubic feet. Applying the principle of \$5.00 of investment for every thousand cubic feet of output, to which Prof. Daniels referred in the earlier hearing, as perhaps being fair, the valuation of the property would totalize \$50,000,000, exclusive of franchise values or intangibles. Eight per cent. on even this valuation of \$50,000,000 would allow a net earning of \$4,000,000 annually—a substantial but not irreconcilable difference between the net earnings of the \$4,650,000 required, as heretofore shown on the present basis of securities. A total valuation of only \$6.00 per thousand cubic feet including franchises and intangibles would produce this required earning. Thus it seems to me the futility of such a long drawn out investigation is demonstrated. Moreover, the public and the Company both desire the matter speedily settled. A state of turmoil, such as exists over a protracted period of investigation of the kind described, is disastrous to the business of the company and its efforts to raise the additional new capital required. For my part I feel we have no right to seek further capital if the integrity of the enterprise is in the slightest danger.

In proof of the statement made in the earlier course of my argument that the policy of Public Service has been to lower gas and electric rates, I herewith subjoin tables, showing the municipalities served respectively in the gas and electric business by Public Service, together with the respective rates in effect in said communities at the time of the formation of Public Service in 1903, brought down to the present time.

BERGEN DIVISION

MUNICIPALITY	1903			1904			1905			1906			1907			1908			1909			1910			1911		
	Date	Gross	Net	Date	Gross	Net	Date	Gross	Net	Date	Gross	Net	Date	Gross	Net	Date	Gross	Net	Date	Gross	Net	Date	Gross	Net	Date	Gross	Net
		Rate	Rate		Rate	Rate		Rate	Rate		Rate	Rate		Rate	Rate		Rate	Rate		Rate	Rate		Rate	Rate		Rate	Rate
Hackensack		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+
Isabel Heights Bdr.		*1.20	+		*1.20	+		*1.20	+		*1.20	+		*1.20	+		*1.20	+		*1.20	+		*1.20	+		*1.20	+
Little Ferry Borough		No	Gas		No	Gas		No	Gas		No	Gas		No	Gas		No	Gas		No	Gas		No	Gas		No	Gas
Westwood Borough		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+
Bogota		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+
Delford		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+
Emerson		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+
Hillsdale		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+
Moynachie (Lodi Twp.)		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+
Norwood		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+
Ridgeland		No	Gas		No	Gas		No	Gas		No	Gas		No	Gas		No	Gas		No	Gas		No	Gas		No	Gas
Ridgeland		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+
Palisade		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+
Riverside		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+
Shoreneck		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+
Woodcliff		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+
Overpeck		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+
Englewood		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+
Dumont		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+
Haworth		No	Gas		No	Gas		No	Gas		No	Gas		No	Gas		No	Gas		No	Gas		No	Gas		No	Gas
Bergenfields		No	Gas		No	Gas		No	Gas		No	Gas		No	Gas		No	Gas		No	Gas		No	Gas		No	Gas
Leonia		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+
Palisade Park		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+
Tenafly		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+
Englewood Cliffs		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+
Carlstadt		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+
East Rutherford		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+
Rutherford		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+
Union Twp.		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+
Woodridge		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+		*1.50	+
Ridgewood		F *1.50	*1.50		F *1.50	*1.50		F *1.50	*1.50		F *1.50	*1.50		F *1.50	*1.50		F *1.50	*1.50		F *1.50	*1.50		F *1.50	*1.50		F *1.50	*1.50
		L-F *1.50	*1.50		L-F *1.50	*1.50		L-F *1.50	*1.50		L-F *1.50	*1.50		L-F *1.50	*1.50		L-F *1.50	*1.50		L-F *1.50	*1.50		L-F *1.50	*1.50		L-F *1.50	*1.50
Glen Rock		F *1.50	*1.50		F *1.50	*1.50		F *1.50	*1.50		F *1.50	*1.50		F *1.50	*1.50		F *1.50	*1.50		F *1.50	*1.50		F *1.50	*1.50		F *1.50	*1.50
		L-F *1.50	*1.50		L-F *1.50	*1.50		L-F *1.50	*1.50		L-F *1.50	*1.50		L-F *1.50	*1.50		L-F *1.50	*1.50		L-F *1.50	*1.50		L-F *1.50	*1.50		L-F *1.50	*1.50

†—5% discount on gross amount of bill over and above 1,000 cubic feet.

*—Rates prior to Public Service operation.

PASSAIC DIVISION

Municipality	1903			1904			1905			1906			1907			1908			1909			1910			1911		
	Date	Gross	Net	Date	Gross	Net	Date	Gross	Net	Date	Gross	Net	Date	Gross	Net	Date	Gross	Net	Date	Gross	Net	Date	Gross	Net	Date	Gross	Net
		Rate	Gas		Rate	Gas		Rate	Gas		Rate	Gas		Rate	Gas		Rate	Gas		Rate	Gas		Rate	Gas		Rate	Gas
Faterson	Nov.	1.15	1.05		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00	Mar.	1.10	1.00
Little Falls		No	Gas		No	Gas		No	Gas		No	Gas		No	Gas		No	Gas		No	Gas		No	Gas		No	Gas
Hawthorne	Nov.	1.15	1.05																								
	Nov.	1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00
Haledon		1.15	1.05																								
	Nov.	1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00
Prospect Park		1.15	1.05		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00
	Nov.	1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00
Saddle River Twp.		1.15	1.05		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00
	Nov.	1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00
Aquanacknonk		1.15	1.05		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00
	Nov.	1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00
Passaic		1.15	1.05		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00
	Nov.	1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00
Garfield		1.15	1.05		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00
	Nov.	1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00
Lodi Bor.		1.15	1.05		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00
	Nov.	1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00
Nutley		1.15	1.05		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00
	Nov.	1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00
Wattlton		No	Gas		No	Gas		No	Gas		No	Gas		No	Gas		No	Gas		No	Gas	Aug.	No	Gas		No	Gas
Totals		No	Gas		No	Gas		No	Gas		No	Gas		No	Gas		No	Gas		No	Gas		No	Gas	Sept.	No	Gas

HUDSON DIVISION

MUNICIPALITY	1903			1904			1905			1906			1907			1908			1909			1910			1911		
	Date	Gross Rate	Net Rate	Date	Gross Rate	Net Rate	Date	Gross Rate	Net Rate	Date	Gross Rate	Net Rate	Date	Gross Rate	Net Rate	Date	Gross Rate	Net Rate	Date	Gross Rate	Net Rate	Date	Gross Rate	Net Rate	Date	Gross Rate	Net Rate
Jersey City		1.10	1.10		1.10	1.10		1.10	1.10	Jan.	1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00
Bayonne		1.10	1.10		1.10	1.10		1.10	1.10	Jan.	1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00
Hoboken		1.10	1.10		1.10	1.10		1.10	1.10	Jan.	1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00
West Hoboken		1.10	1.10		1.10	1.10		1.10	1.10	Jan.	1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00
Town of Union		1.10	1.10		1.10	1.10		1.10	1.10	Jan.	1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00
North Bergen		1.10	1.10		1.10	1.10		1.10	1.10	Jan.	1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00
West New York		1.10	1.10		1.10	1.10		1.10	1.10	Jan.	1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00
Weehawken		1.10	1.10		1.10	1.10		1.10	1.10	Jan.	1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00
Guttenberg		1.10	1.10		1.10	1.10		1.10	1.10	Jan.	1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00
Secaucus		No Gas	No Gas		No Gas	No Gas		No Gas	No Gas		No Gas	No Gas		No Gas	No Gas		No Gas	No Gas		No Gas	No Gas	Aug.	1.00	1.00		1.00	1.00
Fairview		1.10	1.10		1.10	1.10		1.10	1.10	Jan.	1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00
Cliffside Park		1.10	1.10		1.10	1.10		1.10	1.10	Jan.	1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00
Edgewater		1.10	1.10		1.10	1.10		1.10	1.10	Jan.	1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00
Fort Lee		1.10	1.10		1.10	1.10		1.10	1.10	Jan.	1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00

ESSEX DIVISION

MUNICIPALITY	1903			1904			1905			1906			1907			1908			1909			1910			1911		
	Date	Gross Rate	Net Rate	Date	Gross Rate	Net Rate	Date	Gross Rate	Net Rate	Date	Gross Rate	Net Rate	Date	Gross Rate	Net Rate	Date	Gross Rate	Net Rate	Date	Gross Rate	Net Rate	Date	Gross Rate	Net Rate	Date	Gross Rate	Net Rate
Newark		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00
East Newark		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00
Harrison		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00
Irrington		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00
Kearny		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00
Belleville		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00
North Arlington		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00
East Orange		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00
Orange		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00
South Orange Twp.		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00
South Orange Vill.		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00
West Orange		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00
Montclair		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00
Bloomfield		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00
Caldwell Bor.		No Gas	No Gas		No Gas	No Gas		No Gas	No Gas	Aug.	1.35	1.25	Jan.	1.30	1.20	Jan.	1.25	1.15	Jan.	1.10	1.00		1.10	1.00		1.10	1.00
Glen Ridge		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00		1.10	1.00
Verona		No Gas	No Gas	July	1.50	1.40		1.60	1.40	Jan.	1.35	1.25	Jan.	1.30	1.20	Jan.	1.25	1.15	Jan.	1.10	1.00		1.10	1.00		1.10	1.00
Essex Fells		No Gas	No Gas		No Gas	No Gas		No Gas	No Gas		No Gas	No Gas		No Gas	No Gas		No Gas	No Gas	June	1.10	1.00		1.10	1.00		1.10	1.00
North Caldwell		No Gas	No Gas		No Gas	No Gas		No Gas	No Gas	Aug.	1.35	1.25	Jan.	1.30	1.20	Jan.	1.25	1.15	Jan.	1.10	1.00		1.10	1.00		1.10	1.00
West Caldwell		No Gas	No Gas		No Gas	No Gas		No Gas	No Gas		No Gas	No Gas	July	1.30	1.20	Jan.	1.25	1.15	Jan.	1.10	1.00		1.10	1.00		1.10	1.00
Summit		1.50	1.40		1.50	1.40		1.50	1.40	Jan.	1.35	1.25	Jan.	1.30	1.20	Jan.	1.25	1.15	Jan.	1.10	1.00		1.10	1.00		1.10	1.00
Chatham		No Gas	No Gas		No Gas	No Gas		No Gas	No Gas		No Gas	No Gas		No Gas	No Gas		No Gas	No Gas	Sept.	1.10	1.00		1.10	1.00		1.10	1.00
Milburn		1.50	1.40		1.50	1.40		1.50	1.40	Jan.	1.35	1.25	Jan.	1.30	1.20	Jan.	1.25	1.15	Jan.	1.10	1.00		1.10	1.00		1.10	1.00
Springfield		1.50	1.40		1.50	1.40		1.50	1.40	Jan.	1.35	1.25	Jan.	1.30	1.20	Jan.	1.25	1.15	Jan.	1.10	1.00		1.10	1.00		1.10	1.00
Morristown	L	*1.75	*1.70		*1.75	*1.70		*1.75	*1.70	Jan.	*1.75	*1.70	Jan.	*1.50	*1.40		*1.50	*1.40		*1.50	*1.40	July	1.25	1.15	Oct.	1.10	1.00
	F	*1.50	*1.45		*1.50	*1.45		*1.50	*1.45		*1.50	*1.45		*1.25	*1.15		*1.25	*1.15		*1.25	*1.15						
Morris Township	L	*1.75	*1.70		*1.75	*1.70		*1.75	*1.70	Jan.	*1.75	*1.70	Jan.	*1.50	*1.40		*1.50	*1.40		*1.50	*1.40	July	1.25	1.15	Oct.	1.10	1.00
	F	*1.50	*1.45		*1.50	*1.45		*1.50	*1.45		*1.50	*1.45		*1.25	*1.15		*1.25	*1.15		*1.25	*1.15						
Hanover Township																											
Madison																									Oct.	1.10	1.00
																									Sept.	1.10	1.00

* Rates prior to Public Service operation.

CENTRAL DIVISION

MUNICIPALITY	1903			1904			1905			1906			1907			1908			1909			1910			1911			
	Date	Gross	Net	Date	Gross	Net	Date	Gross	Net	Date	Gross	Net	Date	Gross	Net	Date	Gross	Net	Date	Gross	Net	Date	Gross	Net	Date	Gross	Net	
		Rate	Rate		Rate	Rate		Rate	Rate		Rate	Rate		Rate	Rate		Rate	Rate		Rate	Rate		Rate	Rate		Rate	Rate	Rate
Plainfield City	F	*1.50	*1.25	Mar.	1.35	1.25		1.35	1.25		1.35	1.25	Jan.	1.25	1.15		1.25	1.15	Jan.	1.10	1.00		1.10	1.00		1.10	1.00	
No. Plainfield Bor.	F	*1.50	*1.40																									
Piscataway Township	L	*1.50	*1.25	Mar.	1.35	1.25		1.35	1.25		1.35	1.25	Jan.	1.25	1.15		1.25	1.15	Jan.	1.10	1.00		1.10	1.00		1.10	1.00	
No. Plainfield Twp.	F	*1.50	*1.40																									
Somerville	L	No	Gas		No	Gas		No	Gas	Mar.	1.35	1.25	Jan.	1.25	1.15		1.25	1.15	Jan.	1.10	1.00		1.10	1.00		1.10	1.00	
Raritan Town	F	*1.80	†	Mar.	F	1.35	1.25		1.35	1.25		1.35	1.25	Jan.	1.25	1.15		1.25	1.15	Jan.	1.10	1.00		1.10	1.00		1.10	1.00
Raritan Twp.	L	*1.80	†	Mar.	F	1.35	1.25		1.35	1.25		1.35	1.25	Jan.	1.25	1.15		1.25	1.15	Jan.	1.10	1.00		1.10	1.00		1.10	1.00
Bridge Brook	F	*1.40	†	Mar.	F	1.35	1.25		1.35	1.25		1.35	1.25	Jan.	1.35	1.25		1.35	1.25	Jan.	1.10	1.00		1.10	1.00		1.10	1.00
Bridgewater Twp.	L	*1.80	†	Mar.	F	1.35	1.25		1.35	1.25		1.35	1.25	Jan.	1.25	1.15		1.25	1.15	Jan.	1.10	1.00		1.10	1.00		1.10	1.00
Dunellen	F	*1.40	†	Mar.	F	1.35	1.25		1.35	1.25		1.35	1.25	Jan.	1.35	1.25		1.35	1.25	Jan.	1.10	1.00		1.10	1.00		1.10	1.00
South Bound Brook	L	*1.80	†	Mar.	F	1.35	1.25		1.35	1.25		1.35	1.25	Jan.	1.35	1.25		1.35	1.25	Jan.	1.10	1.00		1.10	1.00		1.10	1.00
New Brunswick	F	*1.50	*1.40																									
Highland Park	L	*1.50	*1.40																									
North Brunswick	No	Gas	No	Gas	No	Gas	No	Gas	No	Gas	No	Gas	Mar.	1.25	1.15		1.25	1.15	Jan.	1.10	1.00		1.10	1.00		1.10	1.00	
Milbourn	No	Gas	No	Gas	No	Gas	No	Gas	No	Gas	No	Gas	Mar.	1.25	1.15		1.25	1.15	Jan.	1.10	1.00		1.10	1.00		1.10	1.00	
East Brunswick	No	Gas	No	Gas	No	Gas	No	Gas	No	Gas	No	Gas	Mar.	1.25	1.15		1.25	1.15	Jan.	1.10	1.00		1.10	1.00		1.10	1.00	
South Brunswick	No	Gas	No	Gas	No	Gas	No	Gas	No	Gas	No	Gas	Mar.	1.25	1.15		1.25	1.15	Jan.	1.10	1.00		1.10	1.00		1.10	1.00	
South Amboy	*1.60	*1.50			*1.60	*1.50			*1.60	*1.50			*1.60	*1.50			*1.60	*1.50	Jan.	1.10	1.00		1.10	1.00		1.10	1.00	
																				</								

† Discount if paid by 10th of month—

5% on bills \$1.00 to \$2.00 per month.

10% " 2.00 4.00 "

12½% " 4.00 " 10.00 "

15% " over 10.00 "

* Minimum Charge, 50 cents per month.

* Rates prior to Public Service operation.

SOUTHERN DIVISION

MUNICIPALITY	1903			1904			1905			1906			1907			1908			1909			1910			1911		
	Date	Gross	Net	Date	Gross	Net	Date	Gross	Net	Date	Gross	Net	Date	Gross	Net	Date	Gross	Net	Date	Gross	Net	Date	Gross	Net	Date	Gross	Net
		Rate	Rate		Rate	Rate		Rate	Rate		Rate	Rate		Rate	Rate		Rate	Rate		Rate	Rate		Rate	Rate		Rate	Rate
Camden		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00
Collingswood		*1.25	1.25		1.25	1.25		1.25	1.25		1.25	1.25	Jan.	1.20	1.20	Jan.	1.15	1.15	Jan.	1.00	1.00		1.00	1.00		1.00	1.00
Glooucester		1.25	1.25		1.25	1.25		1.25	1.25		1.25	1.25	Jan.	1.20	1.20	Jan.	1.15	1.15	Jan.	1.00	1.00		1.00	1.00		1.00	1.00
West Deptford		1.25	1.25		1.25	1.25		1.25	1.25		1.25	1.25	Jan.	1.20	1.20	Jan.	1.15	1.15	Jan.	1.00	1.00		1.00	1.00		1.00	1.00
Mercherville		*1.25	1.25		1.25	1.25		1.25	1.25		1.25	1.25	Jan.	1.20	1.20	Jan.	1.15	1.15	Jan.	1.00	1.00		1.00	1.00		1.00	1.00
Audubon		No	Gas		No	Gas		No	Gas	Aug.	1.25	1.25	Jan.	1.20	1.20	Jan.	1.15	1.15	Jan.	1.00	1.00		1.00	1.00		1.00	1.00
Centre Twp.		No	Gas		No	Gas		No	Gas		1.25	1.25	Jan.	1.20	1.20	Jan.	1.15	1.15	Jan.	1.00	1.00		1.00	1.00		1.00	1.00
Haddon Heights		No	Gas		No	Gas	June	1.25	1.25		1.25	1.25	Jan.	1.20	1.20	Jan.	1.15	1.15	Jan.	1.00	1.00		1.00	1.00		1.00	1.00
Haddon Twp.		1.25	1.25		1.25	1.25		1.25	1.25		1.25	1.25	Jan.	1.20	1.20	Jan.	1.15	1.15	Jan.	1.00	1.00		1.00	1.00		1.00	1.00
Oaklyn		No	Gas		No	Gas		No	Gas	July	1.25	1.25	Jan.	1.20	1.20	Jan.	1.15	1.15	Jan.	1.00	1.00		1.00	1.00		1.00	1.00
Pensauken Twp.		1.25	1.25		1.25	1.25		1.25	1.25		1.25	1.25	Jan.	1.20	1.20	Jan.	1.15	1.15	Jan.	1.00	1.00		1.00	1.00		1.00	1.00
Delair		1.25	1.25	Jan.	1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00
(Pensauken Twp.)		1.25	1.25		1.25	1.25		1.25	1.25		1.25	1.25	Jan.	1.20	1.20	Jan.	1.15	1.15	Jan.	1.00	1.00		1.00	1.00		1.00	1.00
Woodbury		1.25	1.25		1.25	1.25		1.25	1.25		1.25	1.25	Jan.	1.20	1.20	Jan.	1.15	1.15	Jan.	1.00	1.00		1.00	1.00		1.00	1.00
Woodlynne		1.25	1.25		1.25	1.25		1.25	1.25		1.25	1.25	Jan.	1.20	1.20	Jan.	1.15	1.15	Jan.	1.00	1.00		1.00	1.00		1.00	1.00
Haddonfield		1.25	1.25		1.25	1.25		1.25	1.25		1.25	1.25	Jan.	1.20	1.20	Jan.	1.15	1.15	Jan.	1.00	1.00		1.00	1.00		1.00	1.00
Deptford Twp.		1.25	1.25		1.25	1.25		1.25	1.25		1.25	1.25	Jan.	1.20	1.20	Jan.	1.15	1.15	Jan.	1.00	1.00		1.00	1.00		1.00	1.00
Trenton		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00
Hamilton		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00
Lawrence		No	Gas		No	Gas		No	Gas	Nov.	1.25	1.25	Jan.	1.20	1.20	Jan.	1.15	1.15	Jan.	1.00	1.00		1.00	1.00		1.00	1.00
West Windsor		No	Gas		No	Gas		No	Gas	Nov.	1.25	1.25	Jan.	1.20	1.20	Jan.	1.15	1.15	Jan.	1.00	1.00		1.00	1.00		1.00	1.00
Ewing		No	Gas		No	Gas		No	Gas		No	Gas		No	Gas		1.15	1.15	Jan.	1.00	1.00	Dec.	1.00	1.00		1.00	1.00
North Hampton Twp.		1.25	1.25		1.25	1.25		1.25	1.25		1.25	1.25	Jan.	1.20	1.20	Jan.	1.15	1.15	Jan.	1.00	1.00		1.00	1.00		1.00	1.00
West Hampton Twp.		1.25	1.25		1.25	1.25		1.25	1.25		1.25	1.25	Jan.	1.20	1.20	Jan.	1.15	1.15	Jan.	1.00	1.00		1.00	1.00		1.00	1.00
Chester Twp.		1.25	1.25		1.25	1.25		1.25	1.25		1.25	1.25	Jan.	1.20	1.20	Jan.	1.15	1.15	Jan.	1.00	1.00		1.00	1.00		1.00	1.00
(Moorestown)		1.25	1.25		1.25	1.25		1.25	1.25		1.25	1.25	Jan.	1.20	1.20	Jan.	1.15	1.15	Jan.	1.00	1.00		1.00	1.00		1.00	1.00
Riverton	L & F	1.25	1.25	Jan.	1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00
Cinnaminson	L & F	1.25	1.25	Jan.	1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00
Delran	L & F	1.00	1.00		No	Gas		No	Gas		No	Gas		No	Gas	Sept.	1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00
Riverside	L & F	1.25	1.25	Jan.	1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00
Palmyra	L & F	1.25	1.25	Jan.	1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00
Burlington	F	1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00
Beverly City		1.25	1.25	Jan.	1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00
Burlington Twp.		1.25	1.25	Jan.	1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00
Florence Twp.		1.25	1.25	Jan.	1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00
Beverly Twp.		1.25	1.25	Jan.	1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00
Bordentown City		1.25	*1.25	Jan.	1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00
Bordentown Twp.		No	Gas	Jan.	*1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00
Manfield		No	Gas	Aug.	*1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00
Fieldsboro		No	Gas	July	*1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00		1.00	1.00
Princeton Bor.	L & F	*1.80	*1.80	Jan.	*1.50	*1.50		*1.50	*1.50		*1.50	*1.50		*1.50	*1.50		*1.50	*1.50		*1.50	*1.50	Aug.	1.00	1.00	Jan.	1.00	1.00
Princeton Twp.	L & F	*1.50	*1.50	F	*1.50	*1.50		*1.50	*1.50		*1.50	*1.50		*1.50	*1.50		*1.50	*1.50		*1.50	*1.50		*1.50	*1.50	May	1.00	1.00
		No	Gas		No	Gas		No	Gas		No	Gas		No	Gas		No	Gas		No	Gas		No	Gas		No	Gas
																									Apr.	1.00	1.00

PUBLIC SERVICE ELECTRIC COMPANY
STATEMENT OF MUNICIPALITIES SERVED AND RATES CHARGED 1903 TO DATE FOR COMMERCIAL LIGHTING
BERGEN DIVISION

MUNICIPALITY	1903		1904		1905		1906		1907		1908		1909		1910		1911	
	Date	Base Rate	Date	Base Rate	Date	Base Rate	Date	Base Rate	Date	Base Rate	Date	Base Rate	Date	Base Rate	Date	Base Rate	Date	Base Rate
Bogota		No Electric		No Electric		No Electric		No Electric		No Electric	July	12		12	Jan.	10		10
Cliffside Park		*20		*20	Jan.	20	Apr.	15		15	Jan.	12		12	Jan.	10		10
Delford		*20		*20	Jan.	20	Apr.	15		15	Jan.	12		12	Jan.	10		10
Edgewater		*20		*20	Jan.	20	Apr.	15		15	Jan.	12		12	Jan.	10		10
Emerson		*20		*20	Jan.	20	Apr.	15		15	Jan.	12		12	Jan.	10		10
Fort Lee		*20		*20	Jan.	20	Apr.	15		15	Jan.	12		12	Jan.	10		10
Hackensack		*20		*20	Jan.	20	Apr.	15		15	Jan.	12		12	Jan.	10		10
Hasbrouck Heights		*20		*20	Jan.	20	Apr.	15		15	Jan.	12		12	Jan.	10		10
Hillsdale		*20		*20	Jan.	20	Apr.	15		15	Jan.	12		12	Jan.	10		10
Little Ferry		*20		*20	Jan.	20	Apr.	15		15	Jan.	12		12	Jan.	10		10
Maywood		*20		*20	Jan.	20	Apr.	15		15	Jan.	12		12	Jan.	10		10
Midland		*20		*20	Jan.	20	Apr.	15		15	Jan.	12		12	Jan.	10		10
Old Tappan		No Electric		No Electric	May	20	Apr.	15		15	Jan.	12		12	Jan.	10		10
Overpeck		*20		*20	Jan.	20	Apr.	15		15	Jan.	12		12	Jan.	10		10
Palisade		*20		*20	Jan.	20	Apr.	15		15	Jan.	12		12	Jan.	10		10
Riverside		*20		*20	Jan.	20	Apr.	15		15	Jan.	12		12	Jan.	10		10
Rivervale		*20		*20	Jan.	20	Apr.	15		15	Jan.	12		12	Jan.	10		10
Teaneck		*20		*20	Jan.	20	Apr.	15		15	Jan.	12		12	Jan.	10		10
Westwood		*20		*20	Jan.	20	Apr.	15		15	Jan.	12		12	Jan.	10		10
Woodcliff		*20		*20	Jan.	20	Apr.	15		15	Jan.	12		12	Jan.	10		10
Bergenfields		*20		*20	Jan.	20	Apr.	15		15	Jan.	12		12	Jan.	10		10
Dumont		*20		*20	Jan.	20	Apr.	15		15	Jan.	12		12	Jan.	10		10
Englewood		*20		*20	Jan.	20	Apr.	15		15	Jan.	12		12	Jan.	10		10
Haworth		*20		*20	Jan.	20	Apr.	15		15	Jan.	12		12	Jan.	10		10
Leonia		*20		*20	Jan.	20	Apr.	15		15	Jan.	12		12	Jan.	10		10
Palisade Park		*20		*20	Jan.	20	Apr.	15		15	Jan.	12		12	Jan.	10		10
Ridgefield		*20		*20	Jan.	20	Apr.	15		15	Jan.	12		12	Jan.	10		10
Tenafly		*20		*20	Jan.	20	Apr.	15		15	Jan.	12		12	Jan.	10		10
Carlstadt		*20		*20	Jan.	20	Apr.	15		15	Jan.	12		12	Jan.	10		10
East Rutherford		*20		*20	Jan.	20	Apr.	15		15	Jan.	12		12	Jan.	10		10
Lodi Twp.		*20		*20	Jan.	20	Apr.	15		15	Jan.	12		12	Jan.	10		10
Moonachie		*20		*20	Jan.	20	Apr.	15		15	Jan.	12		12	Jan.	10		10
Rutherford		*20		*20	Jan.	20	Apr.	15		15	Jan.	12		12	Jan.	10		10
Wallington		*20		*20	Jan.	20	Apr.	15		15	Jan.	12		12	Jan.	10		10
Woodridge		*20		*20	Jan.	20	Apr.	15		15	Jan.	12		12	Jan.	10		10
Glen Rock		No Electric	Apr.	*20	Jan.	20	Apr.	15		15	Jan.	12		12	Jan.	10		10
Hohokus		*20		*20	Jan.	20	Apr.	15		15	Jan.	12		12	Jan.	10		10
Midland Park		*20		*20	Jan.	20	Apr.	15		15	Jan.	12		12	Jan.	10		10
Orvil		*20		*20	Jan.	20	Apr.	15		15	Jan.	12		12	Jan.	10		10
Ridgewood		*20		*20	Jan.	20	Apr.	15		15	Jan.	12		12	Jan.	10		10
Saddle River Bor.		No Electric	May	*20	Jan.	20	Apr.	15		15	Jan.	12		12	Jan.	10		10

*Rates prior to Public Service operation.
Base Rate of 20 cents subject to discount of 15% on bills up to \$10.00, with additional discount for increased consumption.

PASSAIC DIVISION

MUNICIPALITY	1903		1904		1905		1906		1907		1908		1909		1910		1911	
	Date	Base Rate	Date	Base Rate	Date	Base Rate	Date	Base Rate	Date	Base Rate	Date	Base Rate	Date	Base Rate	Date	Base Rate	Date	Base Rate
Acquackanonk		18 (A)		18 (A)	Apr.	13	Apr.	12		12	Jan.	10		10		10		10
Garfield		18 (A)		18 (A)	Apr.	13	Apr.	12		12	Jan.	10		10		10		10
Haledon		AC 18 DC 15 (A)		15 (A)	Apr.	13	Apr.	12		12	Jan.	10		10		10		10
	July	AC & DC 15 (A)																
Hawthorne		AC 18 DC 15 (A)		15 (A)	Apr.	13	Apr.	12		12	Jan.	10		10		10		10
	July	AC & DC 15 (A)																
Little Falls		AC 18 DC 15 (A)		15 (A)	Apr.	13	Apr.	12		12	Jan.	10		10		10		10
	July	AC & DC 15 (A)																
Lodi Bor.		18 (A)		18 (A)	Apr.	13	Apr.	12		12	Jan.	10		10		10		10
Nutley		15 (B)		15 (B)	Apr.	13	Apr.	12		12	Jan.	10		10		10		10
Passaic		18 (A)		18 (A)	Apr.	13	Apr.	12		12	Jan.	10		10		10		10
Paterson		AC 18 DC 15 (A)		15 (A)	Apr.	13	Apr.	12		12	Jan.	10		10		10		10
	July	AC & DC 15 (A)																
Prospect Park		AC 18 DC 15 (A)		15 (A)	Apr.	13	Apr.	12		12	Jan.	10		10		10		10
	July	AC & DC 15 (A)																
Saddle River Twp.		AC 18 DC 15 (A)		15 (A)	Apr.	13	Apr.	12		12	Jan.	10		10		10		10
	July	AC & DC 15 (A)																
Totowa		AC 18 DC 15 (A)		15 (A)	Apr.	13	Apr.	12		12	Jan.	10		10		10		10
	July	AC & DC 15 (A)																
Wayne Twp.		No Electric		No Electric		No Electric		No Electric		No Electric		No Electric		No Electric		No Electric	July	10

(A) Bills under \$10.00 discount 10%, with additional discount for increased consumption.
(B) Bills under \$5.00 discount 5%. Bills \$5.00 and over discount 10%.

HUDSON DIVISION

MUNICIPALITY	1903		1904		1905		1906		1907		1908		1909		1910		1911	
	Date	Base Rate	Date	Base Rate	Date	Base Rate	Date	Base Rate	Date	Base Rate	Date	Base Rate	Date	Base Rate	Date	Base Rate	Date	Base Rate
Bayonne		13		13		13	Apr.	12		12	Jan.	10		10		10		10
Hoboken		12		12		12		12		12	Jan.	10		10		10		10
Jersey City		13		13		13	Apr.	12		12	Jan.	10		10		10		10
Guttenberg		12		12		12		12		12	Jan.	10		10		10		10
North Bergen		12		12		12		12		12	Jan.	10		10		10		10
Secaucus		12		12		12		12		12	Jan.	10		10		10		10
Town of Union		12		12		12		12		12	Jan.	10		10		10		10
Weehawken		12		12		12		12		12	Jan.	10		10		10		10
West Hoboken		12		12		12		12		12	Jan.	10		10		10		10
West New York		12		12		12		12		12	Jan.	10		10		10		10

ESSEX DIVISION

MUNICIPALITY	1903		1904		1905		1906		1907		1908		1909		1910		1911	
	Date	Base Rate	Date	Base Rate	Date	Base Rate	Date	Base Rate	Date	Base Rate	Date	Base Rate	Date	Base Rate	Date	Base Rate	Date	Base Rate
Belleville		13		13		13	Apr.	12		12	Jan.	10		10		10		10
Bloomfield		13		13		13	Apr.	12		12	Jan.	10		10		10		10
East Newark		13		13		13	Apr.	12		12	Jan.	10		10		10		10
Harrison		13		13		13	Apr.	12		12	Jan.	10		10		10		10
Irvington		13		13		13	Apr.	12		12	Jan.	10		10		10		10
Kearny		13		13		13	Apr.	12		12	Jan.	10		10		10		10
Newark		13		13		13	Apr.	12		12	Jan.	10		10		10		10
North Arlington		13		13		13	Apr.	12		12	Jan.	10		10		10		10
Union Twp.		13		13		13	Apr.	12		12	Jan.	10		10		10		10
East Orange		13		13		13	Apr.	12		12	Jan.	10		10		10		10
Orange		13		13		13	Apr.	12		12	Jan.	10		10		10		10
South Orange Twp.		13		13		13	Apr.	12		12	Jan.	10		10		10		10
South Orange Vil.		13		13		13	Apr.	12		12	Jan.	10		10		10		10
West Orange		13		13		13	Apr.	12		12	Jan.	10		10		10		10
Caldwell Bor.		13		13		13	Apr.	12		12	Jan.	10		10		10		10
Cedar Grove		13		13		13	Apr.	12		12	Jan.	10		10		10		10
Essex Fells		13		13		13	Apr.	12		12	Jan.	10		10		10		10
Glen Ridge		13		13		13	Apr.	12		12	Jan.	10		10		10		10
Montclair		13		13		13	Apr.	12		12	Jan.	10		10		10		10
North Caldwell		13		13		13	Apr.	12		12	Jan.	10		10		10		10
Roseland		No Electric		No Electric		No Electric		No Electric		No Electric		No Electric	May	10		10		10
Verona Bor.		13		13		13	Apr.	12		12	Jan.	10		10		10		10
West Caldwell		13		13		13	Apr.	12		12	Jan.	10		10		10		10

CENTRAL DIVISION

MUNICIPALITY	1903		1904		1905		1906		1907		1908		1909		1910		1911	
	Date	Base Rate	Date	Base Rate	Date	Base Rate	Date	Base Rate	Date	Base Rate	Date	Base Rate	Date	Base Rate	Date	Base Rate	Date	Base Rate
Cranford		17½		17½		17½	Mar.	15										
Dunellen		17½		17½		17½	May	12		12	Jan.	10		10		10		10
Elizabeth		17½		17½		17½	Mar.	15		12	Jan.	10		10		10		10
Garwood		17½		17½		17½	May	12		12	Jan.	10		10		10		10
Kenilworth		17½		17½		17½	Mar.	15		12	Jan.	10		10		10		10
Linden		17½		17½		17½	May	12		12	Jan.	10		10		10		10
Roselle		17½		17½		17½	Mar.	15		12	Jan.	10		10		10		10
Roselle Park		17½		17½		17½	May	12		12	Jan.	10		10		10		10
Union Twp.		17½		17½		17½	Mar.	15		12	Jan.	10		10		10		10
Westfield		17½		17½		17½	May	12		12	Jan.	10		10		10		10
Fanwood Bor.	*18	Jan.	18		18		May	12		12	Jan.	10		10		10		10
Fanwood Twp.	*18	Jan.	18		18		Jan.	15		12	Jan.	10		10		10		10
North Plainfield Bor.	*18	Jan.	18		18		May	12		12	Jan.	10		10		10		10
North Plainfield Twp.	*18	Jan.	18		18		Jan.	15		12	Jan.	10		10		10		10
Plainfield	*18	Jan.	18		18		May	12		12	Jan.	10		10		10		10
Somerville	*15	Jan.	15		15		Jan.	15		12	Jan.	10		10		10		10
Bridgewater	*15	Jan.	15		15		May	12		12	Jan.	10		10		10		10
South Bound Brook	*15	Jan.	15		15		May	12		12	Jan.	10		10		10		10
Bound Brook	*15	Jan.	15		15		May	12		12	Jan.	10		10		10		10
Piscataway	*15	Jan.	15		15		May	12		12	Jan.	10		10		10		10
Highland Park	*15	Jan.	15		15		May	12		12	Jan.	10		10		10		10
Metuchen	*15	Jan.	15		15		May	12		12	Jan.	10		10		10		10
New Brunswick	*15	Jan.	15		15		May	12		12	Jan.	10		10		10		10
North Brunswick	No Electric	No Electric	No Electric		No Electric		May	12		12	Jan.	10		10		10		10
Raritan Twp.	*15	Jan.	15		15		May	12		12	Jan.	10		10		10		10
Perth Amboy	*15	Jan.	15		15		May	12		12	Jan.	10		10		10		10
Roosevelt	*18	Jan.	18		18	May	May	12		12	Jan.	10		10		10		10
Woodbridge	*15	Jan.	15		15		May	12		12	Jan.	10		10		10		10
Rahway	*15	Jan.	15		15		May	12		12	Jan.	10		10		10		10
Franklin	*15	Jan.	15		15		May	12		12	Jan.	10		10		10		10
Red Bank	*14		*14		*14	July	July	*12		*12		*12		*12		*12	May	10
Shrewsbury	*20		*20		*20	July	July	*12		*12		*12		*12		*12	May	10
Rumson	*20		*20		*20	July	July	*12		*12		*12		*12		*12	May	10
Middletown	*20		*20		*20	July	July	*12		*12		*12		*12		*12	May	10
Seabright	*15		*15		*15	July	July	*12		*12		*12		*12		*12	May	10

* Rates prior to Public Service operation.

SOUTHERN DIVISION

MUNICIPALITY	1903		1904		1905		1906		1907		1908		1909		1910		1911	
	Date	Base Rate	Date	Base Rate	Date	Base Rate	Date	Base Rate	Date	Base Rate	Date	Base Rate	Date	Base Rate	Date	Base Rate	Date	Base Rate
Audubon		15		15		15		15		15	Jan.	10		10		10		10
Camden		15		15		15		15		15	Jan.	10		10		10		10
Centre		15		15		15		15		15	Jan.	10		10		10		10
Chester Twp. (Moorestown)		15		15		15		15		15	Jan.	10		10		10		10
Clementon		15		15		15		15		15	Jan.	10		10		10		10
Collingswood		15		15		15		15		15	Jan.	10		10		10		10
Delaware		15		15		15		15		15	Jan.	10		10		10		10
Deptford		15		15		15		15		15	Jan.	10		10		10		10
Gloucester City		15		15		15		15		15	Jan.	10		10		10		10
Gloucester Twp.		15		15		15		15		15	Jan.	10		10		10		10
Haddon		15		15		15		15		15	Jan.	10		10		10		10
Haddonfield		15		15		15		15		15	Jan.	10		10		10		10
Haddon Heights		15		15		15		15		15	Jan.	10		10		10		10
Merchantville		15		15		15		15		15	Jan.	10		10		10		10
National Park	No Electric		No Electric		No Electric		No Electric		July	15	Jan.	10		10		10		10
Oaklyn		15		15		15		15		15	Jan.	10		10		10		10
Pensauken		15		15		15		15		15	Jan.	10		10		10		10
Washington	No Electric		No Electric		No Electric		Jan.	15		15	Jan.	10		10		10		10
West Deptford		15		15		15		15		15	Jan.	10		10		10		10
Woodbury		15		15		15		15		15	Jan.	10		10		10		10
Wood Lynne		15		15		15		15		15	Jan.	10		10		10		10
Ewing	No Electric		No Electric		Apr.	15		15		15	Jan.	10		10		10		10
Hamilton		15		15		15		15		15	Jan.	10		10		10		10
Hopewell Twp.		15		15		15		15		15	Jan.	10		10		10		10
Lawrence		15		15		15		15		15	Jan.	10		10		10		10
Pennington		15		15		15		15		15	Jan.	10		10		10		10
Trenton		15		15		15		15		15	Jan.	10		10		10		10
Mt. Holly																		
(North Hampton Twp.)	15		15		15		15		15		Jan.	10		10		10		10
Burlington City	*12		*12		*12		*12		*12		*12		*12		Nov.	12	May	10
Cranbury	*20		*20		*20		*20		*20		*20		*20		Aug.	20	May	10
Hopewell Bor.	*20		*20		*20		*20		*20		*20		*20		Aug.	20	May	10
Montgomery	*20		*20		*20		*20		*20		*20		*20		Aug.	20	May	10
Princeton Bor.	*20		*20		*20		*20		*20		*20		*20		Aug.	20	May	10
Princeton Twp.	*20		*20		*20		*20		*20		*20		*20		Aug.	20	May	10
Rocky Hill	*20		*20		*20		*20		*20		*20		*20		Aug.	20	May	10
South Brunswick	*20		*20		*20		*20		*20		*20		*20		Aug.	20	May	10

*Rates prior to Public Service operation.

Minimum of \$1.50 per month under 15 cent rate.

Alternate to 15 cent rate—

For the first hour's daily use of maximum demand

Consumption in excess of one hour's daily use of maximum demand 14 cents per K.W.H.

Minimum of 20 cents per lamp (Maximum Demand).

14 cents per K.W.H.

8 cents per K.W.H.

Herewith sub-joined is a table showing the reductions which have been made in public lighting during the same period, together with a graphic comparison of totals, showing a reduction of over \$240,000 in the company's income from this one source alone.

PUBLIC SERVICE ARC LIGHTING RATE HISTORY

MUNICIPALITY	Rate Effective at Commencement of Pub. Serv. Operation	SUBSEQUENT RATES				Present Rate		Reduction per Lamp Public Serv.	Number in Use in Lamps	Increase in Rate Paid for Original Maintenance
		Rate	Date Effective	Rate	Date Effective	Rate	Date Effective			
Newark	\$98.55	\$85.00	9-1-03	\$75.00	6-1-07	\$70.00	9-1-08	\$98.55	2,689	\$70,055.90
Jersey City	87.00	101.00	12-1-02	.....	.....	75.00	2-1-08	222.50	1,717	38,632.50
Camden	130.45	100.50*	7-1-09	.....	.....	77.50	6-7-07	24.50	870	21,315.00
Trenton	92.77	85.00	7-1-09	.....	.....	80.00	1-1-08	40.45	824	53,330.80
Bayonne	102.50	87.50	9-1-01	.....	.....	80.00	3-1-11	20.00	472	9,440.00
Bayonne	102.50	87.50	9-1-01	.....	.....	80.00	3-15-09	12.50	397	4,862.50
Passaic	102.00	85.00	11-1-09	.....	.....	77.50	Bid \$	24.50	393	7,423.00
Hoboken	100.00	100.00	6-14-04	.....	.....	80.00	Bid \$	5.00	284	2,675.38
Verona	89.20	85.00	7-1-06	.....	.....	80.00	1-1-10	15.00	254	3,070.00
West Hoboken	100.00	85.00	7-1-06	.....	.....	80.00	Bid \$	15.00	254	3,070.00
New Brunswick	84.00	85.00	6-11-04	.....	.....	85.00	6-15-05	5.00	194	970.00
North Bergen	100.00	85.00	8-1-02	.....	.....	84.00	8-1-02	.....	70	.....
Passaic Co.	84.00	85.00	.....	.....	.....	85.00	Bid \$	55.00	174	9,570.00
Freeholders	140.00	100.00	8-1-01	.....	.....	85.00	Bid \$	30.00	146	2,920.00
Harrison	100.00	100.00	12-25-00	.....	.....	85.00	12-15-09	15.00	142	2,130.00
Warren	100.00	100.00	9-1-04	.....	.....	85.00	11-15-09	15.00	133	1,730.00
Town of Union	100.00	100.00	11-15-09	.....	.....	85.00	1-1-08	10.00	116	1,160.00
Weehawken	100.00	85.00	6-19-09	.....	.....	80.00	Bid \$	20.00	104	2,120.00
Conover	100.00	85.00	8-1-00	.....	.....	85.00	Bid \$	15.00	61	700.00
Bloomfield	72.00	70.00	2-1-01	.....	.....	85.00	7-1-08	7.50	55	412.50
Rutherford	.....	80.00	7-1-03	.....	.....	85.00	.....	.....	.....	.....
Woodbury	92.50	85.00	7-1-02	.....	.....	85.00	.....	.....	.....	.....

PUBLIC SERVICE ARC LIGHTING RATE HISTORY—(Continued)

Bergen Co.	90.00	.....	6-8-05	.....	.....	90.00	6-8-05	.....	53	.....
Hudson Co.	100.00	.....	4-1-04	.....	.....	85.00	Bid \$	15.00	47	705.00
Freeholders	100.00	.....	2-10-10	.....	.....	77.50	2-10-10	15.00	41	585.00
Red Bank	77.50	.....	12-1-07	.....	.....	90.00	12-1-07	15.00	38	540.00
Burlington	100.00	.....	12-1-07	.....	.....	95.00	Bid \$	3.00	35	105.00
Guttenberg	100.00	100.00	6-14-02	.....	.....	85.00	6-1-11	25.00	31	775.00
Haddonfield Bor.	98.00	.....	5-18-05	.....	.....	75.00	J. C. Rate	15.00	27	405.00
Hudson Co. Park	110.00	.....	.....	.....	.....	85.00	4-1-09	.....	26	.....
Commission	90.00	.....	1-1-07	.....	.....	90.00	1-1-03	.....	26	.....
Sabright	85.00	.....	4-1-00	.....	.....	85.00	Bid \$	15.00	21	315.00
Montclair	90.00	.....	1-1-02	.....	.....	85.00	.....	.....	21	.....
Collingswood	85.00	.....	5-1-08	.....	.....	85.00	Bid \$	15.00	21	.....
East Newark	100.00	.....	7-1-04	.....	.....	85.00	.....	.....	21	.....
									10,918	\$241,732.75

%—Bayonne, Reduction for increase in number of lamps.

*—Contract Expired—Bid.

†—Original contracts called for 1900 C. P.

‡—Original contracts called for 1900 C. P.

Present bid is based on 2000 C. P.

I also sub-join for the information of the Board, a table showing statistics of population, gas sales, consumption per capita, miles of mains and rates in a large number of the more prominent cities of the United States. They bear no direct relation to the situation existing in New Jersey, but they form an interesting comparison.

1910 GAS STATISTICS

City	Population Supplied	Gas Sales Excluding St. Lrg. M. Cu. Ft.	Miles of Mains	Sales Per Capita	Price of Gas	
					Gross	Net
Public Service Gas Co.	1,778,310	8,277,438	2,456	4.655	1.10	1.00
Chicago	2,183,283	15,848,097	2,077	7.252	.95	.85
Philadelphia	1,425,008	8,721,200	1,456	5.530	1.00	1.00
St. Louis	660,000	4,872,000	637	7.372	1.00	.90
Baltimore	666,369	2,940,083	637	4.454	1.00	.80
Boston	666,369	4,247,948	902	7.006	1.00	.80
St. Paul	465,766	3,034,471	562	7.201	1.00	.80
San Francisco	373,837	2,793,000	815	7.458	.80	.80
Milwaukee	370,000	2,078,360	430	6.282	1.00	.85
Los Angeles	331,000	1,547,086	444	4.654	1.00	.95
Washington	285,000	715,000	623	5.338	1.00	.90
San Francisco	237,000	1,216,651	418	3.016	1.35	1.00
Oakland	236,106	1,216,651	345	5.132	1.05	.95
Seattle	235,600	1,420,872	485	6.030	1.00	.60
Rochester	225,000	1,310,982	353	4.798	1.00	.90
Indianapolis	222,214	974,365	318	4.486	1.00	.95
Portland, Ore.	213,381	1,071,732	297	4.919	1.00	.90
Denver	175,000	286,056	88	1.634	1.50	1.35
Winnipeg	160,000	1,028,238	282	6.426	1.05	.95
New Haven	148,757	739,690	133	4.293	1.00	.85
San Francisco	154,812	739,690	108	4.713	1.10	1.00
Atlanta						

1910 GAS STATISTICS—(Continued)

City	POPULATION SUPPLIED	GAS SALES EXCLUDING ST. LTC. M. CU. FT.	MILES OF MAINS	SALES PER CAPITA	PRICE OF GAS	
					Gross	Net
Omaha.....	151,578	709,916	241	4,690	1.25	1.15
Worcester.....	150,000	674,959	161	4,500	1.00	.80
Syracuse.....	137,419	603,309	178	4,396	1.40	.95
Utica.....	130,000	425,000	168	3,269	1.10	1.00
Richmond, Va.....	127,000	432,588	110	3,406	.90	.90
Fall River.....	119,295	511,739	119	4,290	.95	.85
Grand Rapids.....	112,771	500,133	121	4,547	1.00	.90
Nashville.....	110,000	287,997	133	2,635	1.10	1.00
Lovell.....	107,294	550,298	167	5,128	1.10	.90
Bridgeport.....	107,034	437,915	189	4,090	1.10	.90
Bridgeport.....	106,000	446,000	189	4,180	1.10	1.00
Lynn.....	100,000	646,021	148	6,461	1.00	.80
Reading.....	96,071	271,748	82	2,862	1.20	1.10
Salt Lake City.....	91,000	300,000	200	3,275	1.40	1.20
Harrisburg.....	89,002	240,793	118	2,678	1.80	1.10
Des Moines.....	89,433	519,814	190	5,812	1.10	1.00
Wilmington.....	87,411	330,412	105	3,789	1.10	.95
Wilmington.....	86,000	330,412	105	3,789	1.10	.95
Chesler.....	85,000	399,174	200	4,696	1.10	1.00
Houston.....	80,000	285,000	115	3,562	1.15	1.05
East St. Louis.....	79,660	298,458	132	3,616	1.15	1.05
St. Louis.....	75,000	250,000	100	3,333	.95	.90
Port Wayne.....	73,000	223,000	100	3,000	.95	.90
Portland, Me.....	73,000	170,000	64	2,358	1.25	1.15

1910 GAS STATISTICS—(Continued)

City	POPULATION SUPPLIED	GAS SALES EXCLUDING ST. LTC. M. CU. FT.	MILES OF MAINS	SALES PER CAPITA	PRICE OF GAS	
					Gross	Net
Schenectady.....	72,800	160,863	72	2,209	1.50	1.20
Peoria.....	71,000	311,111	139	4,381	1.00	.90
Manchester, N. H.....	70,063	102,122	69	2,442	1.10	1.00
Evansville.....	69,641	288,753	111	4,143	1.30	.90
South Bend.....	67,070	339,794	90	4,756	1.30	1.00
Savannah.....	65,004	158,842	66	4,322	1.35	1.00
Terre Haute.....	65,000	238,353	50	2,441	1.35	.85
Albany.....	60,000	169,498	56	2,768	1.20	1.10
Albany.....	60,000	132,024	51	2,200	1.30	1.10
Charleston.....	58,853	125,547	63	2,134	1.10	1.00
Jacksonville.....	57,669	195,942	76	2,746	1.10	1.00
Albany.....	54,313	133,247	53	2,273	1.20	1.00
Springfield.....	51,678	175,586	74	3,397	1.20	1.00
Mobile.....	51,531	124,734	72	2,418	1.00	1.00
Mobile.....	48,000	106,604	47	3,312	1.00	1.00
Birmingham.....	48,000	285,698	89	5,932	1.10	1.00
Atlantic City.....	45,049	500,018	120	1,944	1.33	1.15
Richmond.....	45,001	238,798	113	5,259	1.10	1.00
Lancaster.....	45,000	138,501	46	3,077	1.10	1.00
Joliet.....	45,000	184,686	78	4,104	1.35	1.20
Lincoln.....	45,000	175,874	118	4,043	1.00	1.00
Davenport.....	45,000	175,874	118	4,043	1.00	1.00

1910 GAS STATISTICS—(Continued)

CITY	POPULATION SUPPLIED	GAS SALES EXCLUDING ST. LVS. M. CU. FT.	MILES OF MAINS	SALES PER CAPITA	PRICE OF GAS	
					Gross	Net
Detroit Suburban.....	41,844	116,437	75	2,783	1.10	1.00
Meriden.....	41,451	145,500	77	3,461	1.20	1.10
Kalamazoo.....	38,560	108,540	72	2,815	1.25	1.15
Kalamazoo.....	38,560	108,540	72	2,815	1.25	1.15
Flint.....	38,550	163,834	42	4,249	1.37	1.12
Dubuque.....	38,494	134,688	55	3,498	1.10	1.00
Dubuque.....	38,494	134,688	55	3,498	1.25	1.00
Bloomington.....	35,000	119,643	64	3,418	1.25	1.00
Bellevue.....	35,000	78,106	64	2,232	1.25	1.00
Johnstown and Gloversville.....	34,889	107,387	56	3,078	1.30	1.20
Admore.....	32,722	137,635	111	4,206	1.20	1.10
Admore.....	32,722	137,635	111	4,206	1.20	1.10
Amherst, Mich.....	31,409	293,787	62	3,203	1.25	1.10
Amherst, Mich.....	31,409	293,787	62	3,203	1.25	1.10
Amsterdam.....	31,267	85,319	25	2,728	1.25	1.00
Lansing.....	31,229	202,664	75	6,490	1.00	1.00
Lansing.....	31,229	202,664	75	6,490	1.00	1.00
Aurora.....	30,000	175,405	40	5,860	1.00	1.00
Council Bluffs.....	30,000	95,500	70	3,183	1.35	1.25
31st Ward Brooklyn.....	29,610	203,992	84	6,967	1.05	1.05
Austin.....	28,846	63,600	47	2,184	1.50	1.30
Poughkeepsie.....	28,000	120,000	38	4,137	1.25	1.25
Elgin.....	28,000	148,414	53	5,300	1.00	1.00
Elgin, Iowa.....	25,000	104,891	53	4,193	1.15	1.05
Madison.....	25,000	104,891	53	4,193	1.15	1.05
Richmond, Ind.....	25,000	51,969	23	2,078	1.10	1.00

1910 GAS STATISTICS—(Continued)

CITY	POPULATION SUPPLIED	GAS SALES EXCLUDING ST. LVS. M. CU. FT.	MILES OF MAINS	SALES PER CAPITA	PRICE OF GAS	
					Gross	Net
Burlington, Vt.....	24,988	70,848	41	2,835	1.20	1.10
Pennacola.....	22,982	44,840	28	1,932	1.50	1.25
Concord, N. H.....	21,497	57,402	35	2,670	1.65	1.35
Yonkers.....	20,814	57,584	39	2,745	1.35	1.30
Yonkers.....	20,814	57,584	39	2,745	1.35	1.30
Michigan City.....	19,027	77,768	40	4,087	1.10	1.00
West Chester.....	16,000	41,200	29	2,575	1.35	1.25
Rhaca Falls.....	14,862	55,361	44	3,732	1.35	1.35
St. Albans, Vt.....	13,884	51,777	31	3,727	1.25	1.25
Defiance, Ohio.....	10,400	10,400	22	1,425	1.40	1.30
Newark, N. Y.....	6,222	10,036	10	1,611	1.35	1.25
St. Augustine.....	4,597	8,032	7	1,747	1.80	1.40
Penn Yan, N. Y.....	4,597	8,032	7	1,747	1.80	1.40

For similar comparison I sub-join a table showing list of gas rates charged by a large number of companies selected at random in the neighboring State of New York, where conditions are substantially similar. The comparison is not invidious to the existing rates in New Jersey.

1910 GAS RATES

NAME OF CORPORATION.	PRICE TO PRIVATE CONSUMERS PER M. CU. FT.
Rochester Railway & Light.....	\$.95
Westchester Lighting.....	.80 to \$1.50
Syracuse Lighting.....	.95
Municipal Gas.....	1.00
Utica Gas & Electric.....	1.20
Troy Gas.....	1.00 to 1.30
Newburgh Light, Heat & Power.....	1.15
Fulton County Gas & Electric.....	1.00
Watertown Light & Power.....	1.25
Rockland Light & Power.....	1.50
Lockport Light, Heat & Power.....	1.00
Kingston Gas & Electric.....	1.15
Rome Gas, Electric Light & Power.....	1.18
Albany Southern Railroad.....	1.60
Northern Westchester Lighting.....	1.35
Saratoga Gas, Electric Light & Power.....	1.50
Peckskill Lighting & Railroad.....	1.45
Peoples Gas & Electric, Oswego.....	1.50
Cohoes Gas Light.....	1.25
Orange County Lighting.....	1.30
Glens Falls Gas & Electric Light.....	1.25
Plattsburgh Gas & Electric.....	1.50
Southern Dutchess Gas & Electric.....	1.15
Swett, A. L. Electric Light & Power.....	1.50
Port Jervis El. Lt. Power, Gas & R. R.....	1.35
Schoharie Light & Power.....	2.00
Corning Gas & Electric.....	1.90
Madison County Gas & Electric.....	1.50
Suffolk Gas & Electric Light.....	1.90
United Gas, Electric Light & Fuel.....	1.40
Niagara Falls Gas & Electric Light.....	1.25
Malone Light & Power.....	1.70
Elmira Water, Light & Railroad.....	2.12
Buffalo Gas.....	1.52
Binghamton Gas Works.....	1.10
Mohawk Gas, Schenectady.....	1.00
Auburn Gas.....	1.16
Chuctanunda Gas Light.....	1.20
Nassau & Suffolk Lighting.....	20c.
Ithaca Gas Light.....	Reported as "average net price."
Inter-Urban Gas.....	1.13 to August, 1909.
Homér & Cortland Gas Light.....	1.08 net since. Prompt payment discount of 10c. per M. cu. ft. from gross.
Fulton Fuel & Light.....	Discounts from 10c. per M. cu. ft. to 60c. per M. cu. ft., according to quantity.
Gas Light, Waverly.....	1.75 gross price. Prompt payment discount 25c.
Sen. Falls & Waterloo Gas Light.....	For illuminating.
Ogdensburg Gas.....	For illuminating and fuel.
Niagara Light, Heat & Power.....	2.25 gross. Prompt payment discount 35c. For light.
	For fuel. Natural gas at 35c. net.

The base rate of 10 cents now charged by Public Service for electricity is exceedingly low. It is the same base rate as that fixed by the Hughes Commission for Manhattan Island—a very different proposition from the scattered territory served by Public Service, whereas the base rate fixed for Brooklyn was 12 cents.

Having thus tried to discuss existing conditions in all their aspects, the question naturally arises, what have I to propose as a solution of the problem by the Board, and I am ready to meet the inquiry.

Throughout this discussion it should be borne in mind that while substantial rate reductions involve large amounts of money in the aggregate, the gain to the consumer is relatively small. The reason for this is the fact that the income of these companies is made up in the main of small amounts from a vast number of customers. Let me illustrate by taking the gas situation in Jersey City as an example, which is fairly illustrative of the entire property. The average monthly bills of 43% of all the consumers in that city do not exceed \$1.25 each. It is apparent from this how small an amount to the majority of individual consumers is involved in a rate reduction which, on the other hand, would produce disaster to the Company.

In behalf of the interests which I represent I make the following proposition:

That a schedule of rates be fixed by the Board, effective for five years from January 1st, 1912, on a basis that will recognize the obligations of the gas and electric companies as to their respective underlying securities, and which will enable the gas and electric companies to pay annually a dividend of 8% on their actual capital as it will exist from year to year, over the five year period, after deducting proper reserves for maintenance, as hereinafter referred to, and after further providing a moderate fund for that portion of capital expenditure which business prudence demands should not be capitalized, and which must be made out of earnings to induce new capital to come forward for the balance of the large sum required annually for extensions to meet the growth of territory.

I have caused to be made, subject to verification by the Board, a careful estimate, based on the experience of the past, of the prospective business of both the gas and electric companies for the next five years, and have applied to this statement the foregoing proposition. It contemplates, in the case of the Gas Company, the putting into operation of a uniform flat rate of \$1.00 as of January 1st, 1912 for the whole territory served by the Gas Company, and on January 1st, 1914, the reduction of this base rate to 95 cents and on January 1st, 1916 the further reduction in this base rate to 90 cents. On this basis, an inspection of the table sub-joined will show that during this period there will have been accumulated by the Gas Company over and above dividends of 8% and reserves a surplus of approximately \$1,100,000, or an average of \$220,000 a year. This sum is a less amount than should be accumulated for the purposes referred to above, as well as for protection against a business depression which seems only too imminent.

In the case of the Electric Company it contemplates as of January 1st, 1912, the adoption of the same schedule of discounts from the base rate lately put into effect in New York by the Edison Company—which embraces a more liberal schedule of discounts than now in force in this territory. The present Public Service rate steps down one cent for every 500 k. w. hours of monthly consumption for the first five steps; the New York rate steps down 1 cent for every 250 k. w. hours of monthly consumption for the first four steps. In the fourth year of the period, or on January 1st, 1915, the base rate is further reduced from 10 cents to 9 cents, thus combining the first two steps of the theretofore existing schedule.

There will be at the end of five years, if the prognostications as to business are reasonably accurate, a surplus over the 8% dividend and reserves in the Electric Company of approximately \$1,650,000, or an average of \$330,000 a year—a sum quite inadequate when the exigencies of the business and the enormous expenditures for construction and underground work are taken into consideration, as well as a necessary provision for the prospective falling off in the large increases of business which we have been enjoying in the last few years. In my judgment the

electric rate should not be reduced at all. The additional earnings which would result therefrom should be used as rapidly as possible to bury wires, relieving so much the more rapidly the congested sections of the cities from overhead electrical constructions for the transmission of current for commercial purposes. I leave this matter, however, as a question of policy to the determination of the Board.

In the compilation of these estimates the increase in the gross and the operating expenses for the period are based upon the experience of the immediate past, and in normal times they will not vary substantially from actual results, but all indications point to a lessening of business activity throughout the country which will be immediately and directly felt in the business of both of these operating companies.

The subject of a proper reserve for purposes of depreciation, permanent renewals, obsolescence, unforeseen catastrophes and what-not, is one that has been forcing itself to the front, and engaging the attention of all thoughtful men conversant with public utilities. Opinions of experts in reference thereto are as far apart as the poles. No amount of theorizing, however fine spun, has as yet discovered an accurate method to fit all sorts and conditions of companies. The better opinion seems to be that while the subject is one requiring universal recognition, and that no company which ignores it for the future will be operating soundly; nevertheless, that each company, within reasonable limitations, should be allowed to work out the problem for itself, rather than be compelled to follow any hard and fast rule which could not be made equitable for all. The fact is it has become a practical necessity for companies to consider the subject. All intelligent bankers now require it as a prerequisite to the purchase of securities. We have for years given this subject a most thorough consideration, and at the time of the first large sale of our general mortgage bonds to bankers, the subject was thoroughly considered by the bankers, their experts, Messrs Stone & Webster and by ourselves, and an agreement was reached providing for the gradual accumulation of such a reserve, starting in a small way, but with as large an amount as the company at that time was able to bear, and still do its duty to the public and

to its stockholders, but increasing annually at certain specific rates, until it reached a maximum of \$1,500,000 a year. For the year 1912 the sum we are required to place in the reserve is \$600,000, for 1913 it is \$800,000, for 1914 it is \$1,000,000, and it increases from there on, proportionately with the earnings, up to \$1,500,000. In addition to this, commencing in 1913, the Corporation is obliged to establish a sinking fund, amounting to \$209,500 annually for the retirement of its General Mortgage Bonds. This is simply additional reserve in another form. Messrs Stone & Webster gave their full endorsement to this plan, our own experience demonstrates its wisdom and its fairness, and while many experts will say that we should set aside more, and some will say less, we believe that when all is said and done, over a long period of years, supplemented by the high standard of maintenance adopted by this Company and carried into operating expense, the property will be thoroughly maintained in its present first class condition, and there will be no impairment of capital. In the tables presented this reserve has been proportioned equally, as is the intention of the Corporation, among the three subsidiary operating companies. It is believed that this will meet the thorough approval of this Board, and the offer herewith submitted is made upon the faith of its approval. It is proper to add that this offer is made as an entirety with regard to the two properties, and the companies stand committed to no departure therefrom.

We should also feel justified in appealing to the Board for protection by way of raise of rates against any action by any other arm of the State government, the effect of which was to make impossible the results herein outlined, such as, for example, any new form of taxation largely in excess of that now in force. We have no disposition not to pay our fair share of taxes. They now amount to the huge sum of \$1,500,000 a year—in all conscience a sufficient sum. We shall expect to pay any normal increase thereof, based on present methods, but some people believe in the adoption of different and very radical forms of taxation which might result in adding enormous sums of money to the company's operating expenses. Some people have not studied the subject sufficiently to know that there is a fundamental difference

between the valuation of property for rate-making purposes and for purposes of taxation. I do not believe that anything of this character will be undertaken. It would be a great mistake in policy, and would undo all the good sought to be done by the adoption of the plan I am now presenting, but I do not want to shut the door so tight that the corporation could not be heard in case the unexpected happened.

Herewith is sub-joined a table showing estimates of operations of the Gas Company for the years 1912-1916 inclusive; also a similar table showing estimates of operations of Electric Company for the corresponding years.

The prices for gas shown in the statement are the average prices which would be received under the proposed schedule. Furthermore, it should be remembered that the actual price to the Company is approximately two cents a thousand less than shown. The difference is represented by the franchise tax.

PUBLIC SERVICE GAS COMPANY
ESTIMATE OF OPERATIONS YEARS 1912-1916 INCLUSIVE

Year	Cubic feet	% Inc.	Average Rate	Gas Earnings	Misc. Income from Gas Co. (Net)	Total Earnings	Operating Expenses	Per M	Net Earnings	Fixed Charges	Balance
1912	9,682,492	7%	98 $\frac{1}{2}$ c	9,517,554	100,000	9,617,554	4,444,746	46c.	5,172,808	3,229,718	1,243,090
1913	10,338,866	7%	98 $\frac{1}{2}$ c	10,183,783	100,000	10,283,783	4,755,878	46c.	5,527,905	3,231,718	1,390,187
1914	11,062,886	7%	99 $\frac{1}{2}$ c	10,943,218	100,000	11,043,218	5,066,910	46c.	5,976,308	3,243,582	1,532,726
1915	11,809,254	7%	99 $\frac{1}{2}$ c	11,640,679	100,000	11,740,679	5,444,005	46c.	6,296,604	3,443,946	1,770,658
1916	12,609,254	7%	89 $\frac{1}{2}$ c	11,240,679	100,000	11,340,679	5,826,155	46c.	5,514,524	3,943,346	1,571,173

Year	Balance (as above)	Reserve under Bankers' Agreement	Balance	Dividends 8% on Capital Stock	Capital Stock
1912	1,243,090	200,000	1,043,090	740,000	9,250,000
1913	1,390,187	226,667	1,163,520	846,000	10,000,000
1914	1,532,726	250,000	1,282,726	946,000	10,750,000
1915	1,770,658	273,739	1,496,919	1,078,000	11,500,000
1916	1,571,173	260,000	1,311,173	1,198,000	12,250,000
			5,913,311	4,824,000	14,975,000

Capital Stock, Dec. 31, 1911.....	\$ 1,050,000
Add Gas Annual Estimate, 1912.....	1,500,000
Less Reserve	9,450,000
Capital Stock, Dec. 31, 1912.....	200,000
Add Gas Annual Estimate, 1913.....	9,250,000
Less Reserve	1,625,000
Capital Stock, Dec. 31, 1913.....	10,875,000
Add Gas Annual Estimate, 1914.....	266,667
Less Reserve	10,608,333

Capital Stock, Dec. 31, 1913.....	10,600,000
Add Gas Annual Estimate, 1914.....	1,750,000
Less Reserve	12,350,000
Capital Stock, Dec. 31, 1914.....	333,333
Add Gas Annual Estimate, 1915.....	12,016,667
Less Reserve	12,000,000
Capital Stock, Dec. 31, 1915.....	12,000,000
Add Gas Annual Estimate, 1916.....	1,875,000
Less Reserve	13,875,000
Capital Stock, Dec. 31, 1916.....	387,500
Add Gas Annual Estimate, 1917.....	13,487,501
Less Reserve	13,475,000
Capital Stock, Dec. 31, 1917.....	2,000,000
Add Gas Annual Estimate, 1918.....	15,475,000
Less Reserve	260,000
Capital Stock, Dec. 31, 1918.....	14,975,000

PUBLIC SERVICE ELECTRIC COMPANY
ESTIMATE OF OPERATIONS YEARS 1912-1916 INCLUSIVE

Year	Earnings from Elec. Sales (at present rates)	Per Cent. Earnings	Misc. Earnings	Joint Income	Total Gross Earnings (at present rates)	Operating Expenses & Taxes	Operating Earnings (at present rates)	Estimated Decrease in Earnings Due to Reduction in Rates	Total Net Earnings (at reduced rates)	Fixed Charges	Balance
1912	7,331,560	15%	24,000	94,313	7,450,873	3,451,519	4,000,000	150,000	4,000,000	2,696,146	1,330,209
1913	9,190,035	15%	26,300	154,313	9,370,648	3,844,515	4,460,000	165,000	4,460,000	2,696,146	1,801,159
1914	10,115,659	10%	26,300	184,313	10,326,232	4,230,176	4,600,000	183,150	4,600,000	2,706,318	2,356,804
1915	11,127,293	10%	26,300	214,313	11,367,816	4,553,194	5,073,058	551,465	5,073,058	2,706,318	2,706,318
1916						5,115,513	6,346,508	686,511	5,659,997	2,706,318	2,853,174

Capital Stock, Dec. 31, 1913 15,400,000
Add Electric Annual Estimate, 1914 3,220,000

Less Reserve 18,780,000

Capital Stock, Dec. 31, 1914 18,386,067

Add Electric Annual Estimate, 1915 3,450,000

Less Reserve 21,850,000

Capital Stock, Dec. 31, 1915 21,462,261

Add Electric Annual Estimate, 1916 3,680,000

Less Reserve 25,130,000

Capital Stock, Dec. 31, 1916 24,630,000

Add Electric Annual Estimate, 1917 24,600,000

Year	Balance (as above)	Reserve under Bankers' Agreement	Balance	% on Capital Stock	Capital Stock
1912	1,330,209	1,130,890	1,130,890	12,800,000	12,800,000
1913	1,801,159	266,067	1,534,492	13,000,000	15,500,000
1914	2,356,804	333,333	1,923,471	1,240,000	18,400,000
1915	2,413,075	387,739	2,027,336	1,472,000	21,450,000
1916	2,853,174	560,000	2,293,174	1,716,000	24,650,000
			9,990,882	7,450,000	

Capital Stock, Dec. 31, 1911 \$10,250,000

Add Electric Annual Estimate, 1912 2,750,000

Less Reserve 13,000,000

Capital Stock, Dec. 31, 1912 200,000

Add Electric Annual Estimate, 1913 2,800,000

Less Reserve 11,700,000

Capital Stock, Dec. 31, 1913 206,867

Add Electric Annual Estimate, 1914 15,223,333

For the five year period the aggregate of the reductions in both companies would exceed \$4,000,000, an average of over \$800,000 a year for the period.

I have thus far considered this matter altogether from the standpoint of the respective operating companies, and this is as it should be, for each is a separate integral concern, operating a distinct and separate business. The fact of joint ownership is but a coincidence. Nevertheless, the results of putting the plan which I have proposed into operation upon the fortunes of the holding company will, I am sure, prove interesting. As stated in the early part of my address, the original capital of Public Service Corporation was \$10,000,000, which has been gradually increased, until at the present time it amounts to \$25,000,000. I sub-join herewith a table which shows what rate of return those who embarked upon this enterprise some eight years ago have received to date.

PUBLIC SERVICE CORPORATION OF NEW JERSEY

Amounts Paid in Dividends and Amounts Required to Pay 6% and 8% on Capital Stock

	CAPITAL STOCK OUTSTANDING DECEMBER 31.	RATE OF DIVIDENDS					Actual Amount of Dividends Paid	Amount of Dividends @ 6% (1½% Quarterly)	Amount of Dividends @ 8% (2% Quarterly)
		Mar.	June	Sept.	Dec.	Total			
1903	\$10,000,000	None	None	None	None	.....	None	‡\$ 300,000 00	‡\$ 400,000 00—0 Mos.
1904	10,000,000	None	None	None	None	.....	None	600,000 00	800,000 00
1905	12,500,000	None	None	None	None	.....	None	712,500 00	950,000 00
1906	12,500,000	None	None	None	None	.....	None	750,000 00	1,000,000 00
1907	12,500,000	.....	1%	1%	1%	3%	375,000 00	750,000 00	1,000,000 00
1908	12,500,000	1%	1%	1%	1%	4%	500,000 00	750,000 00	1,000,000 00
1909	24,397,500	1%	1%	1¼%	1¼%	4¼%	853,413 25	1,116,979 50	1,483,306 00
1910	25,000,000	1¼%	1¼%	1¼%	1¼%	5%	1,250,000 00	1,500,000 00	2,000,000 00
1911	25,000,000	1½%	1½%	.....	.....	.....	750,000 00	750,000 00	1,000,000 00—0 Mos.
							\$3,728,413 25	\$7,229,479 50	\$9,639,306 00

‡—Does not include dividend June 30, 1903.

PUBLIC SERVICE RAILWAY COMPANY
AND SUBSIDIARY COMPANIES
ESTIMATE OF OPERATIONS YEARS 1912-1916 INCLUSIVE

Year	Earnings from Operation	% Inc.	Misc. Earnings	Total	Operating Expenses & Taxes	Oper. % of Total	Net Earnings	Bond Interest Rentals, etc.	Joint Facility Rental	Interest on Capital Advanced by Public Ser. Corp.	Total	Balance
1912	15,150,623	5	25,000	15,175,623	9,408,886	62	5,766,737	4,547,331	94,313	346,500	4,988,144	778,593
1913	15,908,154	5	25,000	15,933,154	9,878,555	62	6,054,599	4,551,931	124,313	441,550	5,117,794	936,805
1914	16,703,562	5	25,000	16,728,562	10,371,708	62	6,356,854	4,548,531	154,313	541,000	5,243,844	1,113,010
1915	17,538,740	5	25,000	17,563,740	10,889,519	62	6,674,221	4,541,293	184,313	645,518	5,371,224	1,302,997
1916	18,415,677	5	25,000	18,440,677	11,433,220	62	7,007,457	4,534,343	214,313	753,736	5,502,392	1,505,065

Year	Balance (as above)	Reserve under Bankers' Agreement	Balance	Dividend	Dividend Rate
1912	778,593	200,000	578,593	566,220	135%
1913	936,805	266,667	670,138	661,290	134%
1914	1,113,010	333,334	779,676	755,760	2%
1915	1,302,997	387,739	915,258	850,230	234%
1916	1,505,065	500,000	1,005,064	1,009,170	
			3,048,729	3,873,270	

Capital advanced by Public Service Corporation of New Jersey (6.0% Interest).

To Dec. 31, 1911 (Est.)	5,000,000	Interest	300,000
Add Railway Annual Estimate, 1912..	1,750,000		
Less Reserve	200,000	Interest 6 Months	46,500
Dec. 31, 1912	6,550,000	Interest for 1912	346,500
Add Railway Annual Estimate, 1913..	1,885,000		46,500
Less Reserve	266,667	Interest 6 Months	48,550
Dec. 31, 1913	8,168,333	Interest for 1913	441,550
Add Railway Annual Estimate, 1914..	2,030,000		48,550
Less Reserve	333,333	Interest 6 Months	50,900
Dec. 31, 1914	9,865,000	Interest for 1914	541,000
Add Railway Annual Estimate, 1915..	2,175,000		50,900
Less Reserve	387,739	Interest 6 Months	53,618
Dec. 31, 1915	11,632,261	Interest for 1915	645,518
Add Railway Annual Estimate, 1916..	2,320,000		53,618
Less Reserve	500,000	Interest 6 Months	54,600
Dec. 31, 1916	13,472,261	Interest for 1916	753,736

Thus it appears that to the shareholders of the Corporation there is a difference in eight years of approximately \$3,500,000 between what they have received and what they would have received if the stock had been continuously on a 6% basis, and nearly \$6,000,000 between what has been distributed and what would have been divided on an 8% basis.

The rates of the Railway Company are not here under discussion, but as the Railway Company is the third constituent member of the Corporation family, I have thought it wise to insert a prospective statement of the Railway Company's earnings and expenses for the next five years, similar to that heretofore incorporated with regard to the gas and electric companies, in order to lay a complete foundation for the table showing the results to the Corporation proper.

Herewith is a table prepared in manner similar to that adopted in the case of the gas and electric companies, which shows the facts with regard to the Railway Company.

The Corporation is now paying dividends at the rate of 6% per annum. It has been the frank hope of the management that the earnings for 1912 would justify placing the Corporation upon a 7% basis, and in 1913 upon an 8% basis, there to remain at least for the early future. Using the results shown in the detailed tables of the three operating companies as a basis it is apparent that if this plan be adopted, these expectations will not be realized, and all that the Corporation can hope to do is to continue its 6% dividend in 1912, and the first half of 1913, and thereafter during the period probably pay a 7% dividend, accumulating, in addition thereto, a surplus that in the later years might justify an 8% dividend.

I now sub-join a table of the Corporation's prospective status for the next five years.

PUBLIC SERVICE CORPORATION OF NEW JERSEY
ESTIMATE OF EARNINGS AND EXPENSES YEARS 1912-1916 INCLUSIVE

EARNINGS					
	1912	1913	1914	1915	1916
Dividends from Public Service Gas Co. \$	739,960	\$ 847,000	\$ 930,000	\$ 1,077,500	\$ 1,197,000
Dividends from Public Service Electric Co.	1,293,928	1,239,928	1,471,928	1,715,928	1,987,928
Dividends from Public Service Rail- road Co.	568,700	661,220	755,880	850,140	1,039,060
Income from capital advanced to Public Service Railway Co.	346,500	441,550	541,000	645,518	753,736
Income from bonds, guaranteed stocks and miscellaneous sources	1,863,240	1,865,114	1,865,114	1,865,114	1,865,114
Total	\$4,540,488	\$5,065,772	\$5,593,982	\$6,154,060	\$6,832,798
Expenses	100,000	100,000	100,000	100,000	100,000
Net Earnings	\$4,440,488	\$4,965,772	\$5,493,982	\$6,054,060	\$6,732,798
FIXED CHARGES.					
Interest on \$9,000,000 Public Service bonds ..	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
Interest on \$10,000,000 Public Service Certificates ..	1,164,942	1,198,226	1,198,226	1,198,226	1,198,226
Interest on Notes ..	90,000	120,000	90,000	90,000	90,000
Interest on additional Bonds ..	7,634	6,071	225,000	450,000	600,000
Interest on Bonds ..	.....	.....	1,250	.....	.....
Discount and Commissions (America- tion Charges) ..	68,925	68,925	83,842	98,759	109,164
Total	\$2,801,501	\$2,894,122	\$3,068,294	\$3,246,985	\$3,407,390
Sinking Fund	\$1,638,987	\$2,061,650	\$2,455,388	\$2,897,675	\$3,346,408
Dividends	\$1,638,987	\$1,832,150	\$2,215,888	\$2,698,175	\$3,106,908
Surplus	\$ 138,987	\$ 840	\$ 28,598	\$ 137,298	\$ 372,333
Rate of Dividends	0%	0 1/2%	7%	7%	7%
CAPITAL STOCK					
	Capital Stock	Dividend Rate			Amount of Dividend
1912	\$25,000,000	@ 0%	.....	.....	\$1,500,000
1913	25,000,000	@ 3%	\$ 750,000	.....	.....
1914	31,250,000	@ 3 1/2%	1,041,750	1,843,750	.....
1915	31,250,000	@ 3 1/2%	1,041,750	2,187,500	.....
1916	30,000,000	@ 3 1/2%	1,000,000	1,397,187	2,400,937
1916	30,000,000	@ 7%	.....	.....	2,734,375
CAPITAL REQUIREMENTS					
	1912	1913	1914	1915	1916
Public Service Gas Co.	\$1,330,000	\$1,330,000	\$1,400,000	\$1,475,000	\$1,550,000
Public Service Electric Co.	2,300,000	2,700,000	2,900,000	3,050,000	3,150,000
Public Service Railway Co.	1,500,000	1,618,333	1,696,987	1,787,261	1,850,000
To retire notes issued in 1912	\$5,400,000	\$5,698,333	\$5,906,667	\$6,312,261	\$6,470,000
Cash Balance from Previous Year ..	\$5,400,000	\$5,698,333	\$7,196,667	\$6,312,261	\$6,470,000
Proceeds from Notes (6%) ..	\$3,400,000	.....	\$ 581,667	\$ 293,000	\$1,735,239
Proceeds from sale of Stock (2 1/2%) allocations) ..	2,000,000	.....	.....	7,812,500	.....
Proceeds from sale of bonds ..	.....	\$9,250,000	.....	.....	.....
\$6,000,000 @ 8% ..	.....	.....	7,650,000	.....	.....
6,000,000 @ 8% ..	.....	.....	.....	5,100,000	.....
Balance	\$5,400,000	\$9,250,000	\$8,231,667	\$8,047,500	\$9,835,239
.....	.....	\$ 581,667	\$ 293,000	\$1,735,239	\$ 365,239

Under all the circumstances, therefore, I consider the plan now offered in behalf of the respective companies, a most liberal one. The tables are founded upon the best predictions for the future that we can make, assuming that the country is normal. Financial panics which cause a cessation of increases, such as took place in 1907, are not provided against, nor are strikes nor untoward catastrophes such as in recent years have overtaken Galveston and San Francisco. Those conditions, should they arise, the Company would have to meet as best it could, bearing its share of the burden of distress.

Gentlemen, a great opportunity is here presented for a just and honorable settlement of what otherwise might turn out to be the most dangerous and perplexing problem that has been injected into the public affairs of New Jersey since the days of the Civil war. Public Service Corporation has still left available for improvement, some \$20,000,000 of bonds. Its supply of bonds will then be exhausted. Future funds for the development of these great properties can only come from three sources—the expenditure of the reserve for construction purposes, the investment of further surplus earnings, and additional issues of stock. As the municipalities served by the companies grow larger and larger the amount of money annually needed for improvements will increase. It has already averaged over \$6,000,000 a year since the formation of the Corporation. If these properties are to properly extend and do their share in the work of State development, it must be practical for the Corporation to obtain its necessary funds. To make this reasonably secure, to insure a further investment of cash capital commensurate with the needs of the Corporation, which must take the risk of its dividend behind all this mass of capitalization, we must be in the position to offer at least 8% dividends, and in so doing we are only paying the minimum of what money is worth when devoted to these purposes under the circumstances which surround the case. I want the underlying securities and the stock of the corporation itself to become staple and not speculative investments. I want the thrifty investing population of this State from time to time to invest in the stock of this corporation with confidence in the safety of their action. I want this Corporation to become to investors of New

Jersey what Pennsylvania Railroad stock is to the thrifty of Pennsylvania. That corporation has 21,000 shareholders resident within the State of its domicile. I can imagine no greater compliment to the integrity of its management than this confidence thus expressed by the people living nearest the home of that company. Thirty-three thousand women own stock in the Pennsylvania Railroad. Nothing would encourage the similar distribution of Public Service securities more than the settling of the problems which I have attempted to discuss, in some reasonable and equitable manner.

This Corporation is taking advanced ground upon all the great questions affecting public utilities. From having been unjustly regarded at its inception as a stock-jobbing operation, designed to enrich the few at the expense of many, it has taken its place, I am proud to say, as one of the foremost corporations of its character in the country. By successive raises in wages to the host of its employees, it enjoys most cordial relations with its 10,000 workers. Allowing five persons to a family on the average—the usual average in such matters—one person out of every fifty of the total population of this state is dependent upon this Corporation for his or her daily sustenance.

But the Corporation has gone further. It has jumped into the front rank of those companies which have inaugurated a system of welfare work among their employees. A pension system, a sick benefit system and a death benefit system have all been put into operation, and they will challenge comparison with any similar systems anywhere in the country. The usual practice is to make these systems co-operative, the men and the corporation each contributing a portion. With us the Corporation pays it all.

We have created a boon to our 600 or 700 employees in the home office by daily providing them with a mid-day meal of wholesome and substantial food, the entire expense of which is borne by the Corporation.

It is a self-evident proposition that such an enlightened policy can not continue, if rates are to be placed at a point below that which would enable stockholders to receive a fair return upon their money.

The Corporation, in contradistinction to certain other large corporations doing business in New Jersey, immediately adopted the operation of the Employers Liability bill passed last winter, and which is designed, in the first place, to be just to the employee, and secondly to look after his welfare. In short, the Corporation is pursuing a policy of uplift and betterment. Whatever pernicious practices obtained, if any, at the time Public Service inherited these properties from their predecessors, have been wiped out and forever abolished.

The claim is made that we are active in politics. We have been to the extent of self-preservation. Just as long as approximately 10% of the bills introduced into the Legislature at Trenton directly affect the business of this Corporation, just so long will the Corporation not only be justified but required to defend itself from such attacks by any legitimate means within its power. Two-thirds of the bills to which I have referred have no excuse for their existence other than an attempt on the part of the introducer to pamper to popular clamor, or to blackmail the Corporation. This Board could perform no better work than helping to take the Corporation out of politics, and in no way could that work be better started than by a permanent adjustment of the matters here under discussion. If such an Utopian condition can be brought about no one will rejoice more than I. The few need to be protected from the clamorous many, as well as the many from the avaricious few. This was one of the cardinal principles of the Manchester School of Philosophy and Politics, of which the late Goldwin Smith writes in his recently published *Reminiscences*.

Mr. Justice Moody, who delivered the opinion of the Supreme Court of the United States in the Knoxville, Tennessee, Water Case, decided simultaneously with the New York Consolidated Gas Company case, in his opinion speaks as follows:

"Regulation of Public Service Corporations which perform their duties under conditions of necessary monopoly will occur with greater and greater frequency as time goes on. It is a delicate and dangerous function, and ought to be exercised with a keen sense of justice on the part of the regulating body, met by a frank disclosure on the part of the company to be regulated.

The Courts ought not to bear the whole burden of saving property from confiscation, though they will not be found wanting where the proof is clear. The legislatures and subordinate bodies to whom the legislative power has been delegated, ought to do their part. Our social system rests largely upon the sanction of private property, and that State or community which seeks to invade it will soon discover the error in the disaster which follows. The slight gain to the consumer which he would obtain from a reduction in the rates charged by public service corporations, is as nothing compared with his share in the ruin which would be brought about by denying to private property its just reward, thus unsettling values and destroying confidence. On the other hand, the companies to be regulated will find it to their lasting interest to furnish freely the information upon which a just regulation can be based."

It has been my honest endeavor to fully and frankly comply, with the letter and spirit of the language which I have just read.

Mr. Justice Moody's advice in the Knoxville case to the legislative arm of the government, in this case represented by your Honorable Board, is as applicable as is his advice to the companies.

September 27, 1911.

Gaylord
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